



Annual Report  
**2023**



# Corporate Information

## Board of Directors

### Dato' Sri Khazali bin Haji Ahmad

(Chairman, Senior Independent Non-Executive Director)

### Mac Chung Hui

(Managing Director/Chief Executive Officer)

### Mac Ngan Boon @ Mac Yin Boon

(Executive Director)

### Lee Poh Kwee

(Group Finance Director)

### Mazlan bin Abdul Hamid

(Executive Director)

### Sobri bin Abu

(Independent Non-Executive Director)

### Anuar bin Abd Rahman

(Independent Non-Executive Director)

## Audit Committee

Sobri bin Abu (Chairman)

Dato' Sri Khazali bin Haji Ahmad

Anuar bin Abd Rahman

## Company Secretaries

Tew Siew Chong

(SSM PC No. 202008003861) (MIA 20729)

Irene Choe Mee Kam @ Irene Chow Mee Kam

(SSM PC No. 202008003930) (MIA16775)

Tia Hwei Ping

(SSM PC No. 202008001687) (MAICSA 7057636)

## Registered Office

Lot 586, 2nd Mile

Jalan Batu Tiga Lama

41300 Klang

Selangor Darul Ehsan

Malaysia

Tel : (603) 3349 5465

Fax : (603) 3342 9807

Email : [ffb@favellefavco.com.my](mailto:ffb@favellefavco.com.my)

## Auditors

Crowe Malaysia PLT

Firm No. 201906000005

(LLP0018817-LCA) & AF 1018

Chartered Accountants

Level 16 Tower C, Megan Avenue II

12 Jalan Yap Kwan Seng

50450 Kuala Lumpur

Malaysia

## Principal Bankers

Ambank (Malaysia) Berhad

Hong Leong Bank Berhad

Malayan Banking Berhad

RHB Bank Berhad

United Overseas Bank (Malaysia) Berhad

## Share Registrar

Tricor Investor & Issuing House

Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3

Bangsar South, No. 8, Jalan Kerinchi

59200 Kuala Lumpur, Malaysia

Tel : (603) 2783 9299

Fax : (603) 2783 9222

Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

Tricor Customer Service Centre:

Unit G-3, Ground Floor

Vertical Podium, Avenue 3

Bangsar South, No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

## Investor Relations

Tel : (603) 3376 2530

Fax : (603) 3344 6302

E-mail : [ir@favellefavco.com.my](mailto:ir@favellefavco.com.my)

## Stock Exchange Listing

Main Market of Bursa Malaysia

Securities Berhad

Stock Name: Favco

Bursa Stock Code: 7229

Bloomberg stock code: FFB MK

Listing date: 15 August 2006

## Websites

[www.favellefavco.com](http://www.favellefavco.com)



Tower Crane, Powerhouse Museum, Australia

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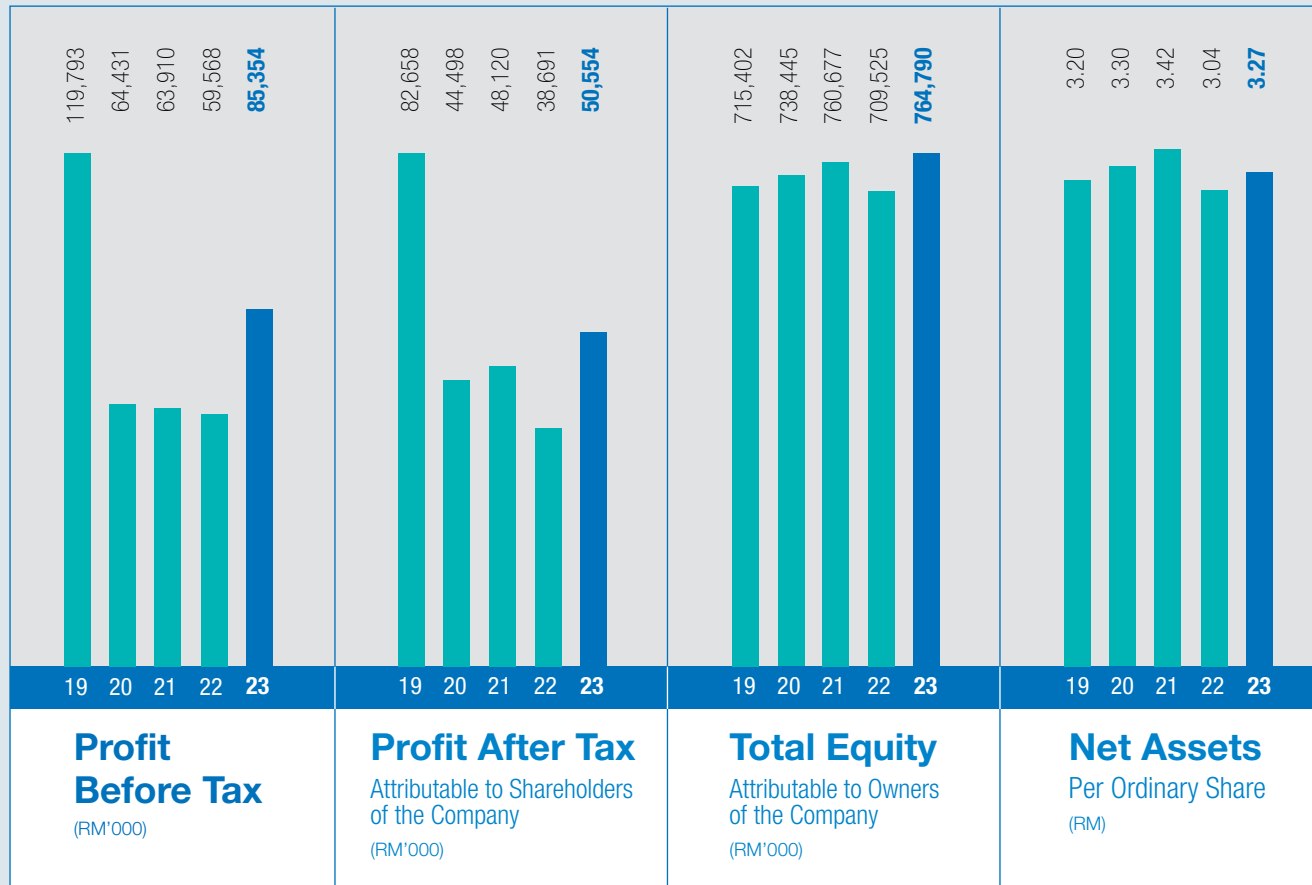
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Offshore Crane, Guntong Delta Platform, Malaysia

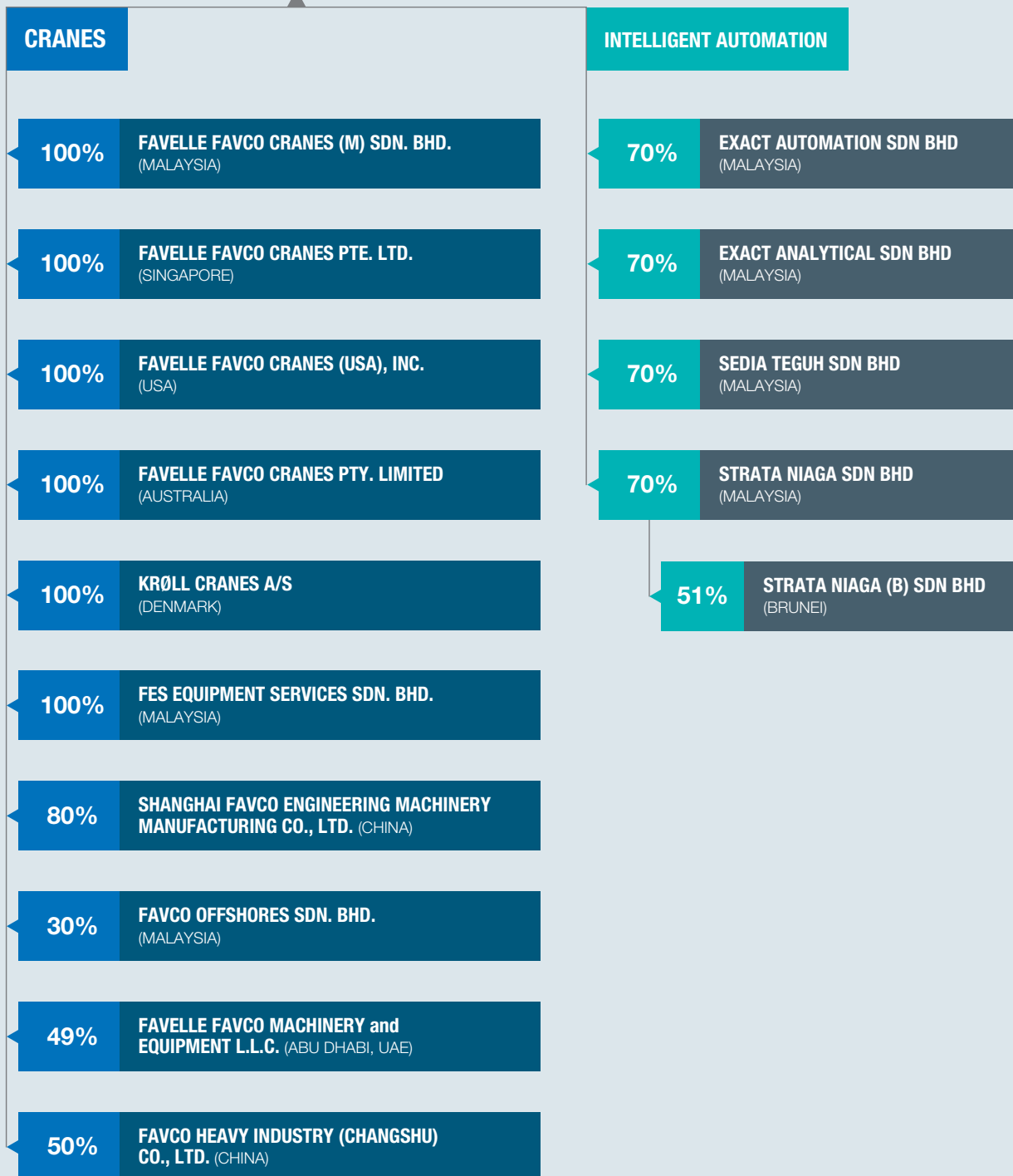
# Group Financial Highlights

	2019	2020	2021	2022	2023
Turnover (RM'000)	687,994	554,453	610,215	594,773	<b>765,161</b>
Profit Before Tax (RM'000)	119,793	64,431	63,910	59,568	<b>85,354</b>
Profit After Tax Attributable to Shareholders of the Company (RM'000)	82,658	44,498	48,120	38,691	<b>50,554</b>
Total Equity Attributable to Owners of the Company (RM'000)	715,402	738,445	760,677	709,525	<b>764,790</b>
Share Capital (RM'000)	162,745	162,983	162,983	194,988	<b>195,072</b>
Basic Earnings Per Ordinary Share (Sen)	37.18	19.87	21.52	16.76	<b>21.64</b>
Net Assets Per Ordinary Share (RM)	3.20	3.30	3.42	3.04	<b>3.27</b>



# Group Structure

as at 29 March 2024



\* Dormant companies are excluded from the above Group Structure

# Management Discussion and Analysis



Tower Crane, New Zealand International Convention Centre, New Zealand

## Market Review and Strategies

I am pleased to present the Annual Report and the audited financial statements of Favelle Favco Berhad ("FFB") and its subsidiary companies ("Group") for the financial year ended 31 December 2023. This year marked a significant milestone as the first year since the pandemic where we did not face extraordinary global shocks. The year 2023 was characterized by stability in the market, providing a favourable environment for us to build the business again.

Our crane operations saw better order intake while our Intelligent Automation division achieved record-high revenue and profit.

We witnessed a good recovery in the oil and gas sector and the shipyard sector. It appears that the large overhang of rigs globally is finally being put to work in a good sign for the sector. This trend looks to continue into the near future at least.

The construction industry experienced subdued activity, with a shift towards infrastructure projects. Commercial real estate struggled amidst the work-from-home phenomenon, impacting demand for new-build tower cranes.

With this backdrop, we remain focused on leveraging our strengths and pursuing opportunities for expansion and innovation.

## Review and Discussion of Financial Results

We reported a full year's revenue of RM765 million for 2023 compared to RM595 million for 2022 representing a 28.57% increase in revenue. The Intelligent Automation Group ("IA Group") posted a revenue of RM224 million



Offshore Crane, Allianz Intrepid (Accommodation Barge)

## Management Discussion and Analysis

Cont'd



Offshore Crane, Hyundai Frontier JUB, Korea

whilst the crane division posted a revenue of RM541 million.

The combined results provided a Profit After Tax attributable to owners of the Company of RM51 million in 2023 as compared to RM39 million in 2022 representing a 30.77% increase.

The results were primarily boosted by the increased revenue with the world economy picking up again.

In line with the results, we have declared a dividend of 9 sen per share representing approximately 42% of our Earnings Per Share.

#### Capex Requirements and Treasury Commentary

During the year 2023, we continued to be strategically selective on our capital expenditure. Our capital expenditure was the lowest in the last several years. This action was purposeful as we aimed to be prudent and to rebuild our cash reserves.

We ended 31st December 2023 with RM165 million in cash and cash equivalents.



Tower Crane, 270 Park Avenue, New York City

Our balance sheet remains strong and we continue to be well positioned to seek opportunities to deploy that cash to diversify our revenue channels.

#### Crane Division

The order intake for the year 2023 in the crane sector was very encouraging.

It was driven primarily by the shipyard and the oil and gas sectors. As the idled rigs globally get reactivated, they are driving new build investments and the requirement for reactivation services and spare parts. At the same time, shipyards now have good visibility moving forward and are now replacing ageing equipment. These trends bode well for us.

We have a few significant milestones this year. The first proud moment is the successful delivery of our largest offshore crane, the PC1200, to our customer involved in the erection of offshore wind turbines. The crane is capable of lifting 1200 tonnes and this delivery strengthens our position as a leading provider of crane solutions. It clearly demonstrates our capabilities to design and manufacture such large machines. We know we can do more, and we are currently actively pursuing more machines of this nature.

Another notable milestone was that our Danish unit, Kroll Cranes, received a significant order for a K10000 tower crane. This is the largest European tower crane in the world and marks the first order for this model in many decades. This achievement reflects the enduring demand for our innovative crane solutions and the trust placed in our products by clients worldwide.

Notably, we have supported our rental house customers' expansion into the UK market. This is part of our continuous efforts to open more markets as the years go by.

## Management Discussion and Analysis

Cont'd

### Intelligent Automation Division

Automation, Industrial IT, Control and Instrumentation sector which is the core business of the Group saw a decent growth. The major growth of business was contributed by Renewable and Green energy, Vent to Flare (VTF) project, Waste Water Treatment project as well as supply and rental of air compressors and generators and the addition of Strata Niaga Sdn Bhd to the Group.

We continued to play our role in global environmental goals. In line with Petronas' initiative on reducing its carbon footprint and to achieve net-zero carbon emissions, the division had successfully delivered several projects including Solar Hybrid Wind Turbine (SHWT) and Direct Methanol Fuel Cells (DMFC) power generation package.

Furthermore, with the aim of reducing Green House Gas (GHG) emissions and carbon tax, the IA Group had also successfully delivered a few projects that convert gas venting to flaring (VTF) by changing Methane (CH<sub>4</sub>), the potent greenhouse gas, into Carbon Dioxide. This conversion has larger climate benefits and fulfill the customer's aims in terms of Zero Routine Venting initiative.

The IA Group reached another milestone with the introduction of Sedia Portal, SePort, our digital services and information portal. We believe that Digital transformation & IIoT is one of the key factors in resource optimization and enhancing automation solutions.

Gathering decades of experience, the IA Group has built various mechanisms and algorithms to optimize existing and upcoming workflow as well as automation solutions. With the launch of SePort, services will be digitalized and information will be centralized in a single page of truth on the portal.

Industrial 4.0 automation solutions will also be incorporated in SePort to provide convenience in information retrieval and enhancing maintenance capability. On this platform, a pipeline of Industrial 4.0 automation solutions will be released subsequently on SePort. There will be Active Asset Monitoring solutions, Overall Equipment Efficiency analytic tools and Emission simulation tools to name a few.

Another notable event was that we supplied Oil-In-Water Analyzers from Advanced Sensors Ltd to Shell Crux in Australia. In other downstream activities, we managed to secure four units of Servomex O<sub>2</sub> Analyzers for Boiler Air Preheater at Tanjung Bin Power Plant. The O<sub>2</sub> Analyzers help to improve the combustion efficiency of the boilers, thus not just saving fuel consumption but has also reduced air pollution.

We continued our execution of several maintenance contracts for the supply of GD Enclosures, spare parts and manpower.



Advanced Flare System Installed and Commissioned to meet zero continuous venting directives by 2024 as per EP Flaring Venting Framework



Solar Hybrid Wind Turbine installed and commissioned in one of the remote offshore Oil & Gas Platforms



Sedia Portal - SePort dashboard where services will be digitalized and information will be centralized in a single page of truth on the portal





Tower Crane with Superfly, Sydney Metro Station, Australia



Offshore Crane, Golar GIMI FLNG, West Africa

For the Power division we had a good year with delivery of a few hundred MTE Portable Test Sets to TNB and Sarawak SESCO. In addition to the portable test unit, we also delivered a few sets of Single Position Test Station to SESCO.

#### Current Challenges and Risks

We continue to expect the global work-from-home phenomenon to remain and hence we see challenges in the commercial real estate sector resulting in subdued demand for tower cranes in the office building sector. This is expected to persist for several years.

However, we remain adaptable, seeking opportunities for our heavy lift cranes in other construction sectors and countries.

We also anticipate that costs in Malaysia will rise with any potential changes in policies by the Malaysian government. We aim to mitigate these impacts through continued productivity improvement measures.

#### Future Expectations

As the world economy stabilises, we now have the time and ability to capitalise on new opportunities.

We expect growing appreciation for environmental awareness and continued demand for environmental



Tower Crane, India

solutions like carbon capture technologies and renewable diesel in our cranes.

Technology and digitalization will continue to play a key role in driving innovation and enhancing our competitive advantage and we are playing our part in these sectors both in the crane and automation arenas.

We also see opportunities in some new markets where we plan to expand our service support presence. As such we remain optimistic about the future.

**Managing Director/Chief Executive Officer**

# Profile of Directors

## Dato' Sri Khazali bin Haji Ahmad

Aged 69, Male, Malaysian  
(Chairman, Senior  
Independent Non-Executive  
Director)

Chairman of the Remuneration Committee and Nominating Committee, Member of the Audit Committee

Dato' Sri Khazali bin Haji Ahmad was appointed as an Independent Non-Executive Director and member of the Audit Committee of Favelle Favco Berhad ("FFB") on 16 April 2018. He has been re-designated as Chairman, Senior Independent Non-Executive Director on 4 July 2022 and appointed as Chairman of Remuneration Committee and Nominating Committee on 21 September 2022. He is also an Independent Non-Executive Director of Muhibbah Engineering (M) Bhd ("MEB").

He graduated with a Bachelor of Economics degree from University Kebangsaan Malaysia in 1980 and obtained a Diploma in Public Administration from Institute Tadbiran Awam Malaysia (INTAN) in 1981. He received a Masters Degree in Economics from the University of Central Oklahoma, USA in 1991. He was the recipient of the Excellence Service Awards in 2003 and 2006 by the Ministry of Finance. He was also awarded the Asia Tax Commissioner of the Year 2015 for his excellent leadership in the Royal Malaysian Customs (Customs), particularly in the implementation of Goods and Services Tax.

Dato' Sri Khazali bin Haji Ahmad began his career as Assistant Director in the Public Service Department Malaysia in 1981. He was subsequently posted to the International Trade Division of the Ministry of the International Trade and Industry (MITI) where he held various positions before he was transferred to the Tax Analysis Division under the Ministry of Finance in 1997 and became Section Chief in the Division from 2005 to 2007. Between 2007 and 2008, he served as Special Functions Officer to the Chief Secretary to the Government in the Prime Minister's Department. In early 2009, Dato' Sri Khazali was appointed Deputy Director General of Customs. His last held position before his retirement in 2017 was Director General of Customs. He is an Executive Director of Cuscapl Berhad and Independent Director and Audit Committee member of MEB and Shangri-La Hotels (Malaysia) Berhad. He is also the Chairman of the Nomination and Remuneration Committee in MEB and Shangri-la Hotels (Malaysia) Berhad.

## Mac Chung Hui

Aged 45, Male, Malaysian  
(Managing Director/Chief  
Executive Officer)

Mac Chung Hui was appointed as the Deputy Managing Director of the FFB Group on 5 May 2004 and appointed Chief Executive Officer in the same year. He was re-designated as Managing Director on 26 August 2013. He holds a Bachelor of Civil Engineering degree from the University of Nottingham, United Kingdom. He joined FFB as Supervisory Board Member in 1999 and was responsible in assisting the then Managing Director in the execution of operational decisions of the FFB Group. He has also been overseeing the production and operation of Favelle Favco Cranes Pty Limited ("FFA") and Favelle Favco Cranes (M) Sdn Bhd ("FFM") over the past twenty-three (23) years.

## Profile of Directors

Cont'd

**Mac Ngan Boon  
@ Mac Yin Boon**Aged 80, Male, Malaysian  
(Executive Director)

Mac Ngan Boon @ Mac Yin Boon was appointed as the Managing Director of FFB on 23 March 1993 and re-designated as Executive Director on 26 August 2013. He was later appointed as member of both the Nominating (up to 18 January 2013) and Remuneration Committees. On 28 February 2018, he resigned as member of the Remuneration Committee of FFB. He is the co founder of MEB and has been its Managing Director since its inception on 4 September 1972. He obtained a Bachelor of Engineering (Civil) Degree from the University of Western Australia in 1967. He is a professional engineer and a member of the Institute of Engineers Malaysia. He has been the Chairman of the Machinery and Equipment Manufacturers Association of Malaysia (MEMA) since 1998 and the Chairman of the Machinery and Engineering Industries Federation (MEIF) since 2016. Mac Ngan Boon @ Mac Yin Boon has been playing a leading role in the business expansion and strategic growth of the FFB Group since its acquisition by MEB in 1995. He is also the representative of MEB on the Board of Directors of FFB.

**Shirleen  
Lee Poh Kwee**Aged 58, Female, Malaysian  
(Group Finance Director)

Shirleen Lee Poh Kwee was appointed to the Board of FFB on 24 January 2003 as Group Finance Director. She is also Group Finance Director of MEB. She is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant with the Malaysian Institute of Accountants. She is also a Certified Financial Planner of the Financial Planning Association of Malaysia. Prior to joining MEB as Group Financial Controller in 1993, she was attached to an international accounting firm, KPMG Malaysia, for 4 years. She was involved in the listing exercise of MEB on the Main Board of the Bursa Securities in 1994.

She is also the Finance Director of major subsidiaries of the MEB Group. She was involved in the acquisition of the business and assets of the FFB Group in 1995, and subsequently, financial planning and management of the FFB Group over the past twenty-nine (29) years.

**Mazlan bin  
Abdul Hamid**Aged 61, Male, Malaysian  
(Executive Director)

Mazlan bin Abdul Hamid was appointed as Executive Director of FFB on 17 May 2004 and heads the Marketing & Business Development Department of the FFB Group. He is also a Director of FFM, FES Equipment Services Sdn Bhd, Favco Offshores Sdn Bhd, Exact Automation Sdn Bhd, Exact Analytical Sdn Bhd and Sedia Teguh Sdn Bhd. He is also a Non-Independent Non-Executive Director of MEB. He obtained a Diploma in Engineering from the University of Mara Technology in 1984 and attended an Advanced Metallurgy course in the United Kingdom in 1985. In the same year, he started his career as a project coordinator in DNT (M) Sdn Bhd. He then joined SCS Petrotechnical (M) Sdn Bhd and was seconded to Sarawak Shell Berhad, and thereafter, he joined Bureau Veritas (M) Sdn Bhd as Surveyor and Marketing Manager. He joined FFM in 1996 as Sales & Marketing General Manager and has played a key role in penetrating the international cranes manufacturing market.

## Profile of Directors

Cont'd

### Sobri bin Abu

Aged 71, Male, Malaysian  
(Independent Non-Executive  
Director)

Chairman of the Audit Committee, Member of the Remuneration Committee and Nominating Committee

Sobri bin Abu was appointed as an Independent Non-Executive Director and member of the Audit Committee, Remuneration Committee and Nominating Committee of FFB on 15 May 2014. On 28 February 2018, he was re-designated as Chairman of the Audit Committee. He is also an Independent Non-Executive Director of MEB.

Sobri bin Abu's career spans more than thirty (30) years in the oil and gas industry. He worked not only for major national and international oil companies, namely ExxonMobil and PETRONAS but also major international engineering construction companies like Babcock King Wilkinson (UK) Ltd of the United Kingdom, Stone and Webster Engineering Construction, Inc of the United States of America, Petrofac Engineering and Construction of the United Arab Emirates and local engineering companies such as Sumatec Engineering Bhd and Ranhill WorleyParsons of Malaysia.

### Anuar bin Abd Rahman

Aged 63, Male, Malaysian  
(Independent Non-Executive  
Director)

Member of the Audit Committee, Remuneration Committee and Nominating Committee

Anuar bin Abd Rahman was appointed as an Independent Non-Executive Director and member of the Audit Committee, Remuneration Committee and Nominating Committee of FFB on 21 September 2022.

He graduated with a Masters Degree in Business & Administration from Universiti Teknologi MARA and obtained a Diploma in Petroleum & Natural Gas Engineering from Universiti Teknologi Malaysia.

Anuar bin Abd Rahman has over 30 years of experience in the Oil and Gas Industry, both at the domestic and international arenas. He started his working career with Ranhill Fluor Sdn Bhd, providing engineering and project management services for the domestic oil & gas industry prior to joining PETRONAS in 1991. Among projects he was involved in were SMDS Bintulu for Shell Malaysia, Esso Refinery product pipeline to Malaysian Carbon in Port Dickson, LPG Gas Reticulation for housing estates in Kuala Lumpur and Johor, and expansion of Famco Oil Mill Plant in Penang. While in Petronas he held various Technical and Managerial positions locally and at their international outfits, including as General Manager in Petronas JV company with Pertamina (Indonesia), with PTTEP (Thailand) and with PVEP (Vietnam). He was seconded as Manager, Pipeline Operation in Petronas JV Co (Sudan), Greater Nile Petroleum Operating Co. Ltd. He has wide experience in detailed design and construction of various types of oil & gas facilities and was directly in charge of Production Operations and maintenance of the assets. Prior to his retirement from Petronas in 2021, he was the Managing Director/Chief Executive Officer of EPOMS, a Petronas Carigali subsidiary company.

# Profile of Key Senior Management

## Tew Siew Chong

Aged 55, Male,  
Malaysian

Tew Siew Chong is currently the Group Financial Controller of Favelle Favco Berhad (“FFB”) and has been appointed since 2002. He was later appointed as Director of Shanghai Favco Engineering Machinery Manufacturing Co., Ltd. (“SFEMM”) in October 2011, Director of Exact Automation Sdn Bhd, Exact Analytical Sdn Bhd and Sedia Teguh Sdn Bhd in July 2018 and Director of Strata Niaga Sdn Bhd in October 2022. He is involved in the formulation and implementation of the Group’s financial and accounting policies. He was previously the Group Accountant of Favelle Favco Cranes (M) Sdn. Bhd. (“FFM”). Prior to joining the FFB Group, he was attached to MOL Berhad as the Group Management Accountant. He was also the Cost Accountant in LKH Power Transformer Sdn Bhd for two years, from 1995 to 1997. He is a member of the Chartered Institute of Management Accountants, United Kingdom and the Malaysian Institute of Accountants.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the company. He does not have any conflict of interest with the company and has no convictions for any offences within the past five (5) years, other than traffic offences.

## Teo Kai Sze, Henry

Aged 69, Male,  
Singaporean

Teo Kai Sze, Henry has been the General Manager of Favelle Favco Cranes Pte. Ltd. (“FFS”) since 1995. He was later appointed as Director of Favelle Favco Winches Pte. Ltd. (“FFW”) and FFS on 25 February 2011 and 31 December 2015 respectively. He is in charge of the overall operations of FFS and FFW. He also oversees the sales and marketing of cranes in Singapore and Vietnam. Prior to joining the FFB Group, he was Assistant Manager at Compoform Industries and Marine & Onshore Trading Co. Pte Ltd. He obtained a Diploma in Civil Engineering from the Singapore Polytechnic in 1974.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the company. He does not have any conflict of interest with the company and has no convictions for any offences within the past five (5) years, other than traffic offences.

## Michael Khoo Kok Eng

62, Male,  
Malaysian

Michael Khoo Kok Eng has been the General Manager of Favelle Favco Cranes (USA), Inc. (“FFU”) since 1999. He was later appointed as Director of FFU in September 2004. He is in charge of managing all operational aspects of the business of FFU. He also oversees the after-market parts and services business for the FFB Group. His previous working experience include being a Site/Design Engineer with Connel Wagner Pty Ltd (Australia), Project Manager at EL Project Management Consultants, Project/General Manager at MEB and General Manager at Sanyco Grand Industries. He obtained his Bachelor’s Degree in Engineering (Civil) in 1984, and subsequently, a Graduate Diploma in Computing in 1990, both from Monash University, Australia.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the company. He does not have any conflict of interest with the company and has no convictions for any offences within the past five (5) years, other than traffic offences.

## Profile of key Senior Management

Cont'd

### Shenandoah Chong Shin Kwek

Aged 55, Male,  
Malaysian

Shenandoah Chong Shin Kwek has been the General Manager of Favelle Favco Cranes Pty. Limited (“FFA”) since 2002. He was later appointed as Director of FFA on 1 October 2002. He is responsible for the overall operations in Australia. He was previously in International Sales in FFM from 2000 to 2001. His past working experience prior to joining the FFB Group include being a Regional Underwriter at HSB Engineering Insurance Limited, Senior Loss Control Surveyor at Straits & Island General Insurance Sdn Bhd and Risk Engineer at Malaysian National Reinsurance Berhad. He obtained his Bachelor’s Degree in Mechanical Engineering in 1993 from the University of Auckland.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the company. He does not have any conflict of interest with the company and has no convictions for any offences within the past five (5) years, other than traffic offences.

### Henrik Brønsholm Nielsen

Aged 55, Male,  
Danish

Henrik Brønsholm Nielsen was appointed as General Manager of Krøll Cranes A/S on 1 January 2008. He is responsible for the overall operations of the company. He began his career as a Production Engineer in Shamban Danmark A/S in 1994. Thereafter, he joined FFA as Production Manager in 1999. Subsequent to that, he was transferred to Krøll Cranes A/S as Production Manager in 2004. He obtained his Bachelor of Engineering Degree from Copenhagen University College of Engineering in 1994.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the company. He does not have any conflict of interest with the company and has no convictions for any offences within the past five (5) years, other than traffic offences.

### Alex Chan Soon Nam

Aged 58, Male,  
Malaysian

Alex Chan Soon Nam has been the General Manager of SFEMM since 2013. He is responsible for the overall operations of SFEMM in China. His previous working experience prior to joining the FFB Group include being a Production Engineer at Kris Component Bhd and General Manager at Dunham-Bush Industries Bhd. He obtained a Diploma in Mechanical and Automotive Engineering from Tunku Abdul Rahman College in 1987.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the company. He does not have any conflict of interest with the company and has no convictions for any offences within the past five (5) years, other than traffic offences.

## Profile of key Senior Management

Cont'd

**Jack Lee  
Wai Meng**Aged 44, Male,  
Malaysian

Jack Lee Wai Meng was appointed as General Manager of FFM on 1 January 2021. As General Manager of FFM, he assumes all functions of the operations of the business unit of FFM, except for sales and marketing. He started his career at FFM as a Design & Engineering Support engineer in 2002. In 2005, he became Senior Project Engineer, and subsequently, Project Manager in 2010. He was Assistant General Manager of FFM from 2015 until his current appointment as General Manager. He obtained his Bachelor's Degree in Mechanical Engineering from Michigan Technological University in 2002.

He has no directorships in other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the company. He does not have any conflict of interest with the company and has no convictions for any offences within the past five (5) years, other than traffic offences.

# Other Information

## Additional Information on Directors

### 1. Family Relationship with any Director and/or major shareholder of Favelle Favco Berhad

None of the Directors have any relationship with each other and/or major shareholders of Favelle Favco Berhad except for Mac Ngan Boon @ Mac Yin Boon and Mac Chung Hui. Mac Ngan Boon @ Mac Yin Boon is a major shareholder of Favelle Favco Berhad (indirectly via Muhibbah Engineering (M) Bhd) and is also the father of Mac Chung Hui, the Managing Director/ Chief Executive Officer of Favelle Favco Berhad.

### 2. Conflict of interest

None of the Directors have any conflict of interest with the Company.

### 3. Convictions for Offences within the past 5 years, other than traffic offences

None of the Directors have been convicted for offences.

## Additional Compliance Information

### 1. Utilisation of Proceeds from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year.

### 2. Fees for services rendered by External Auditors

The amount of fees payable/paid to the company's external auditors for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Audit services	272	75
Non-audit services		
- Tax compliance and advisory	20	20

### 3. Material Contracts

Save for the recurrent related party transactions disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders, either still subsisting as at 31 December 2023 or entered into since the end of the previous financial year ended 31 December 2022.



#### 4. Recurrent Related Party Transactions

At the Annual General Meeting held on 26 June 2023, the Company had obtained a shareholders' mandate allowing the FFB Group to enter into recurrent related party transactions of a revenue or trading nature as disclosed in the Statement/Circular to Shareholders dated 27 April 2023.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the financial year ended 31 December 2023 pursuant to the shareholders' mandate are disclosed as follows :-

Transacting Parties	Related Party	Nature of Transactions	Actual Transactions Value for the Financial Year Ended 31 December 2023 RM'000
FFB Group and MEB Group	MEB, Mac Ngan Boon @ Mac Yin Boon, Mac Chung Hui, Mac Chung Jin and Mazlan bin Abdul Hamid	Purchases of cranes and parts and rental of cranes, plant and equipment and barges by FFB Group from MEB Group; and subcontracting work awarded by FFB Group to MEB Group	9,236
		# Rental of land held under PN 109083 Lot No. 104626, Mukim & District of Klang, State of Selangor measuring in area approximately 36,000 square metres by MEB Group to FFB Group.	1,408
		# Rental of plant and equipment and scaffolding service by FFB Group to MEB Group	20
		Shared services expenses/charges by MEB Group to FFB Group which include amongst others legal, information technology and internal audit by MEB Group to FFB Group	1,800
		Sales of goods and services, rental of cranes, plant and equipment by FFB Group to MEB Group; and subcontracting work awarded by MEB Group to FFB Group	8,074
		# Rental of office premise, workshop and land located at Hakmilik No. 6322, Lot 129073, Telok Gong, Mukim and District of Klang, State of Selangor by MEB Group to FFB Group, measuring 221,967 sq. ft.	770
		# Rental of office space, factory, cabin and overhead cranes under Lot 586, 2nd Mile, Jalan Batu Tiga Lama by MEB Group to FFB Group, measuring 19,000 sq. ft.	301

## Other Information

Cont'd

Transacting Parties	Related Party	Nature of Transactions	Actual Transactions Value for the Financial Year Ended 31 December 2023 RM'000
FFB Group and FO	Mac Ngan Boon @ Mac Yin Boon and Mazlan bin Abdul Hamid	Rental of plant and equipment, barges and its related maintenance cost by FFB Group to FO  Sale of spare parts, and provision of crane maintenance and services by FFB Group to FO	-
		Provision of crane maintenance and services and sale of spare parts by FO to FFB Group  Rental of plant and equipment, barges and its related maintenance cost by FO to FFB Group	-

# Tenancies are for terms not exceeding three (3) years with rentals payable on monthly basis.

**Abbreviations**

"FFB"	: Favelle Favco Berhad
"MEB"	: Muhibbah Engineering (M) Bhd
"FFB Group"	: FFB and its subsidiary companies collectively
"MEB Group"	: MEB and its subsidiary companies collectively
"FO"	: Favco Offshores Sdn Bhd, an associated company of FFB

# Corporate Governance Overview Statement

## INTRODUCTION

The Board of Directors (“**the Board**”) is committed towards ensuring that good Corporate Governance (“**CG**”) is observed throughout the Group. Upholding integrity and professionalism in its management of the affairs of the Group, the Board aims to enhance business prosperity and corporate accountability with the ultimate objective of realising long term shareholders’ value and safeguarding interests of other stakeholders.

This Corporate Governance Overview Statement (“**CG Overview Statement**”) describes how the Group has applied the principles set out in the Malaysian Code on Corporate Governance 2021 (“**MCCG 2021**”) issued by the Securities Commission of Malaysia and except where stated otherwise, its compliance with the recommended practices of the MCCG 2021 for the financial year ended 31 December 2023.

This CG Overview Statement is also prepared in compliance with Paragraph 15.25(1) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and should be read together with the CG Report of the Company which is published on the Company’s website at [www.favellefavco.com](http://www.favellefavco.com). The Board is pleased to present this CG Overview Statement to provide an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the MCCG 2021 with reference to the following three (3) key principles under the stewardship of the Board:-

- a) Principle A: Board Leadership and Effectiveness;
- b) Principle B: Effective Audit and Risk Management; and
- c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

## PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board of Directors

#### Duties and Responsibilities of the Board

The Board assumes the following principal roles and responsibilities in discharging its fiduciary and leadership functions:

- Oversee the conduct of the Group’s businesses and financial performance to determine if the businesses are being properly managed and provide stewardship in monitoring that the businesses are aligned with the Group’s short and long term objectives and goals;
- Review and adopt financial results of the Company and the Group and adequacy of financial information disclosure;
- Review the conduct and performance of major projects and orders to determine whether they are properly managed;
- Assess and review principal risks affecting the Group and supervise the implementation of appropriate systems or processes to manage such risks effectively. The details of the processes are set out in the Statement on Risk Management and Internal Control;
- Review related party transactions;
- Review the Board Charter, Whistleblowing Policy and Code of Ethics;
- Review material litigation, Group’s order book, debt collection status, capital expenditure, borrowing and cash status;
- Establish and implement succession planning for the Directors and the Group’s key senior management for the purpose of business continuity. This includes ensuring the implementation of appropriate systems for recruitment, training and retention; and
- Deliberate on the market outlook, corporate and business strategies.

## Corporate Governance Overview Statement

Cont'd

The Board has delegated specific responsibilities to the committees to assist the Board in the effective operation and in the governance of the Group. The functions and the authority delegated by the Board have been defined in the Terms of Reference of the respective committees. These committees are the Audit Committee, Nominating Committee and Remuneration Committee. In addition, the Board is also assisted by the Risk Management Committee which comprises members of the Board and Senior Management.

### Board Charter

The Board had adopted a Board Charter, which sets out the roles and responsibilities of the Board, the division of authority and responsibilities of the Board and Management, terms of reference, composition of Board Committees and other administrative policies and procedures in relation to the operation of the Board as a whole.

The Board Charter is available on the Company's website at [www.favellefavco.com](http://www.favellefavco.com).

### Composition and Balance

An experienced Board consisting of members with a wide range of business, technical, financial and public service backgrounds leads and controls the Group. This brings insightful depth and diversity to the leadership and management of the Group's businesses.

The Board is well balanced with Executive and Non-Executive Directors. Currently, the Board consists of seven (7) members, comprising three (3) Independent Non-Executive Directors and four (4) Executive Directors. As such, more than one-third (1/3) of the Board comprises Independent Non-Executive Directors. This present composition complies with Paragraph 15.02(1) of the MMLR of Bursa Securities.

The Board believes that the current composition and board diversity are appropriate given the nature of business and scale of operations of the Group. Profiles of the Directors are presented in this Annual Report.

The Executive Directors are generally responsible for making and implementing operational decisions whilst the Non-Executive Directors support the skills and experiences of the Executive Directors, contributing to the formulation of policy and decision-making with their knowledge of and experiences in other business sectors.

A Senior Independent Non-Executive Director of the Company leads the Board, to whom concerns of the Group may be conveyed. The Chairman manages the Board's effectiveness by focusing on strategy, governance and compliance.

### Division of roles and responsibilities between Chairman and Managing Director

The Board subscribes to the principle that clear division of responsibilities between the Board Chairman and the Managing Director is beneficial to facilitate a check and balance mechanism for the effective functioning of the Board. The Chairman of the Board is a Senior Independent Non-Executive Director who is leading the Board in the oversight of management while the Managing Director focuses on the business and the day-to-day management of the Group. Such separation of positions promotes accountability and ensures that there is a balance of power and authority in the Board's overseeing the management of the Company.

### Company Secretaries

The Board is supported by the Company Secretaries, qualified under the Companies Act 2016. The Company Secretaries advise the Board on CG related matters and ensure the Board adheres to the relevant rules and regulatory requirements as well as the Board's policies and procedures.

The appointment of the Company Secretaries is based on the capability and proficiency determined by the Board. The Company Secretaries are responsible for ensuring that the secretarial function provides adequate support to the Board and the Board committees. The Company Secretaries are accessible at all times to provide the Directors with the appropriate advice and services and also to ensure that the relevant procedures, policies and all applicable rules and regulations are complied with. As permitted by the Constitution of the Company, the removal of a Company Secretary is a matter for the Board as a whole.

## Corporate Governance Overview Statement

Cont'd

**Board Meetings**

Board meetings are held at regular intervals with additional meetings convened as and when necessary. Board meetings for each financial year are scheduled before end of the previous financial year so as to enable the Directors to plan their schedules accordingly. During the financial year under review, the Board met four (4) times to review the Group's operations, strategy and review and approve the quarterly financial results and the relevant operational and strategy matters requiring the Board's approval. The Company Secretary records all the deliberations, particularly the issues discussed, in reaching that decision in the minutes of Board meetings. All Directors had attended the board meetings held during the financial year and have complied with the minimum requirement of 50% attendance at Board meetings as stipulated in the MMLR of Bursa Securities.

Details of the attendance of the Directors at the board meetings held during the financial year under review are as follows:

<b>Names of Directors</b>	<b>Attendance at Meetings in 2023</b>
Dato' Sri Khazali bin Haji Ahmad	4/4
Mac Chung Hui	4/4
Mac Ngan Boon @ Mac Yin Boon	4/4
Lee Poh Kwee	4/4
Mazlan bin Abdul Hamid	4/4
Sobri bin Abu	4/4
Anuar bin Abd Rahman	4/4

All Board members are required to declare their directorship in other companies to the Board and are expected to devote sufficient time and attention to carry out their roles and responsibilities as Board members. The Board is of the opinion the requirements under the Companies Act 2016 and MMLR of Bursa Securities are sufficient to ensure adequate commitment by the Directors to perform their duties, including devoting sufficient time to the Company without it being formally regulated. This is evidenced by the Directors' attendance at Board meetings as shown above. Schedule for the Company's Board meeting was formulated and is shared with the Directors prior to the beginning of each financial year to ensure the Directors' commitment.

**Access to Information and Advice**

Due notice is given to the Directors prior to each Board and Board Committee meetings. All Directors are provided with the agenda and Board papers which include Minutes of Meetings, details of operational, financial, safety and corporate development and other relevant documents prior to each meeting so as to enable the Directors to make well-informed decisions on matters arising at the meetings. It is the primary responsibility of the Chairman of the Board to organise such information necessary for the Board to deal with the agenda and the Board adopts a formal schedule of matters specifically referred to it for decision.

Furthermore, the Board is regularly kept updated and apprised of any regulations and guidelines as well as amendments thereto issued by regulators, particularly the effects of such new and amended regulations and guidelines on directors specifically, and the Company and the Group generally.

Senior Management staff may be invited to attend the Board and Board Committee meetings to provide the Board or Committees with detailed presentations, and clarification of relevant agenda items to enable them to arrive at a decision.

In addition, the Directors have authority to access all information within the Company in furtherance of their duties as well as to the advice and services of the Company's senior management. They are also empowered to seek external independent professional advice in connection with their role as a Director at the Company's expense so as to enable them to make well-informed decisions.

**Code of Conduct**

The Board is committed to ensuring that all its business activities operate within the good standards of business ethics and integrity as summarised in the Company's code on business practices, which are applicable Group-wide. The key principles of the Company's code on business practices include avoiding conflict of interest situations, insider trading, unethical practices, exercising caution and due care in safeguarding the Company's assets and confidential information.

The Code of Conduct is available on the Company's website at [www.favellefavco.com](http://www.favellefavco.com).

## Corporate Governance Overview Statement

Cont'd

### Anti-Bribery and Corruption Policy

In line with the requirements of the Guidelines on Adequate Procedures issued pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into effect on 1 June 2020, the Board has adopted the Group's Anti-Bribery and Corruption Policy which sets out information and practical guidelines to all Directors and employees of the Group in relation to the Group's core values and expectations, as well as the policies and procedures in dealing with bribery and corruption matters.

The Board is committed to ensuring that the policies and procedures are reviewed periodically to assess their effectiveness, and in any event, at least once every three (3) years.

The Anti-Bribery and Corruption Policy is available on the Company's website at [www.favellefavco.com](http://www.favellefavco.com).

### Whistleblower Policy

The Board has also adopted a Whistleblower Policy to provide avenues for stakeholders of the Company to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices.

The Whistleblower Policy is available on the Company's website at [www.favellefavco.com](http://www.favellefavco.com)

### Sustainability

The Board views the commitment to sustainability and environment, social and governance performance as part of its broader responsibility to clients, employees, workplace and the communities in which the Group operates. Every business decision that the Group makes pertaining to growth and profitability is consistent with its social and environmental needs for sustainability. The corporate responsibility initiatives undertaken by the Company for the financial year ended 31 December 2023 are disclosed in the Sustainability Statement of this Annual Report.

## II. Board Committees

The following committees have been established to assist the Board to discharge its duties and responsibilities. The Board has delegated certain powers and duties to these committees, which operate within the defined Terms of Reference.

Although the Board Chairman chairs and sits as a member of the Audit Committee, Nominating Committee and Remuneration Committee, no single director can influence decision making and policies of the Board Committees and Board. The decision-making process of the Board Committee is collectively made in accordance with the Terms of Reference of each committee. The unanimous decisions made by respective committees are tabled to the Board by the Chairmen of the various Board committees for further deliberations before decisions are made by the Board.

### (i) Audit Committee ("AC")

The present members of the AC are as follows:-

#### Names of Committee Members

Sobri bin Abu

Dato' Sri Khazali bin Haji Ahmad

Anuar bin Abd Rahman

#### Designation

Chairman  
(Independent Non-Executive Director)

Member  
(Senior Independent Non-Executive Director)

Member  
(Independent Non-Executive Director)

## Corporate Governance Overview Statement

Cont'd

*(i) Audit Committee ("AC") (continued)*

The principal objective of the AC is to assist the Board in carrying out its statutory duties and responsibilities relating to the accounting and reporting practices of the Group. This includes reviewing the quarterly financial results to be disclosed, the scope of works and management letter of the external auditors as well as undertaking any such other functions as may be determined by the Board from time to time.

The AC consists exclusively of Independent Non-Executive Directors and they met four (4) times during the year under review.

A report detailing the membership, attendance, roles and activities of the AC is presented in the AC Report of this Annual Report.

*(ii) Nominating Committee*

The present members of the Nominating Committee consist of all Non-Executive Directors as follows:

<b>Names of Committee Members</b>	<b>Designation</b>
Dato' Sri Khazali bin Haji Ahmad	Chairman <i>(Senior Independent Non-Executive Director)</i>
Sobri bin Abu	Member <i>(Independent Non-Executive Director)</i>
Anuar bin Abd Rahman	Member <i>(Independent Non-Executive Director)</i>

The Nominating Committee met once during the financial year 2023. In accordance with its Terms of Reference, the Nominating Committee reviewed the Board structure, size, composition in the Board to ensure it has the appropriate mix of skills, experience and other core competencies in fulfilling the relevant requirements or guidelines of Bursa Securities.

The Nominating Committee had carried out the following activities during the financial year under review:-

- Reviewed and assessed the performance of each Independent Director including the requirements under the MMLR of Bursa Securities. All assessments and evaluations carried out by the Nominating Committee are properly documented whereby the Nominating Committee was satisfied by the level of independence demonstrated by all the Independent Directors;
- Reviewed the existing balance, size and composition of the Board and its committees as whole, the performance of individual Directors and AC members through an evaluation survey questionnaire known as Board and Board Committee Assessment Questionnaire. The duly completed questionnaire was compiled with and used as guidance for the recommendation of appropriate actions for further improvement;
- Reviewed and discussed the criteria to be used for effective composition of the Board including appointment of new Directors, gender diversity, diversity of ethnicity and age as well as the proposed measures to be taken to fulfill the recommended practices of MCCG 2021; and
- Identified and recommended to the Board, the Directors who were due for retirement by rotation and subject to re-election at the forthcoming Annual General Meeting.

The Nominating Committee's Terms of Reference is available on the Company's website at [www.favellefavco.com](http://www.favellefavco.com).

## Corporate Governance Overview Statement

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### (iii) Remuneration Committee

The present members of the Remuneration Committee are as follows:

<b>Names of Committee Members</b>	<b>Designation</b>
Dato' Sri Khazali bin Haji Ahmad	Chairman (Senior Independent Non-Executive Director)
Sobri bin Abu	Member (Independent Non-Executive Director)
Anuar bin Abd Rahman	Member (Independent Non-Executive Director)

The Remuneration Committee met once during the financial year 2023. In accordance with its Terms of Reference, the Remuneration Committee reviewed the remuneration packages of the Executive Directors in accordance with their performance, contribution and level of responsibilities undertaken for the Board and benchmarked against other companies with similar industries to ensure the Company's remuneration packages remain competitive to attract and retain high calibre executives to run the Company successfully. Directors do not participate in deliberations and decisions on their own remuneration.

At the same time, the Non-Executive Directors' fees were also reviewed based on their experience and level of responsibilities and were recommended for the Board's approval. The individual Non-Executive Directors concerned had abstained from discussing and shall abstain from voting on decisions in respect of their fees.

Although the Group does not have written remuneration policies, remuneration comparisons for similar positions with other Malaysia public-listed companies operating in similar industries are performed on an annual basis so as to ensure that the remuneration packages of the Directors are competitive with the market that reflect their duties and responsibilities.

The Remuneration Committee's Terms of Reference is available on the Company's website at [www.favellefavco.com](http://www.favellefavco.com).

### III. Board Evaluation

The process of assessing Directors is an ongoing responsibility of the entire Board. For the financial year under review, the Board assisted by the Nominating Committee reviewed the skills and experience of each Director and assessed the effectiveness of the Board as a whole.

The Board was satisfied with the performance and effectiveness of the Board and Board Committees who have discharged their duties and responsibilities effectively. The Board evaluation criteria was reviewed and enhanced by the Nominating Committee during the financial year.

The Board evaluation comprises Board and Board committee assessments as well as an assessment of the independence of Independent Directors and the contribution of each director which are conducted on an annual basis. The evaluations involve all the Directors and members of committees completing a set of evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered by the Company. Based on the outcome of evaluations, the Nominating Committee shall recommend to the Board the areas requiring continuous improvement and form a basis for recommending the Directors due for re-election.

The criteria for assessing the independence of an Independent Director include assessing their respective relationship with the Group and their involvement in any significant transactions with the Group. The Board also undertook a self-assessment in which they assessed their own performance.



## Corporate Governance Overview Statement

Cont'd

### IV. Appointment, Re-appointment and Re-election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors (including the Managing Director) shall retire from office and be eligible for re-election at each Annual General Meeting and all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Directors appointed during the year will be subject to retirement and re-election by shareholders at the Annual General Meeting.

The Board believes that diversity in the Board's composition will bring value to board deliberation. The Board also recognises the benefit of diversity in gender and hence gender had been inherently considered in the recruitment and appointment of Directors in succession planning. The Board has one (1) woman Director which is less than 30% of board composition under Practice 5.9 but complies with 15.02(1)(b) of MMLR effective on or after 1 June 2023. Nevertheless, to ensure effective appointment of female Directors, the Board does not set any specific target for female Directors as the Board is of the view that selection of a candidate should be based on a range of diversity perspectives not limited to gender; merit and contribution that the selected candidate(s) will bring to the Board should be prioritised in deciding any appointment to the Board.

Following the amendments made to the MMLR of Bursa Securities, the Board had on 31 May 2022 adopted a Directors' Fit and Proper Policy which set out the approach, guidelines and procedures to ensure that a formal, rigorous and transparent process is adhered to for the appointment, re-appointment and/or re-election of the Directors of the Company. The said policy is available on the Company's corporate website.

### V. Reinforcement of Independence

The Board acknowledges the importance of Independent Non-Executive Directors in bringing objectivity and impartiality in providing unbiased opinion and judgment to ensure that the interests of the Group, shareholders, customers and other stakeholders are taken into account during its decision-making process. The Board consists of three (3) Independent Directors who have neither been involved in the business transactions nor participated in the day-to-day management of the Group. The Independent Directors satisfy the definition set out in the MMLR of Bursa Securities and the Company meets the minimum requirement prescribed by the MMLR of Bursa Securities to have at least one-third (1/3) of its Board members being Independent Non-Executive Directors.

Each Independent Director is responsible to notify the Board of any changes to the circumstances or development of any new interest or relationship that would affect their independence as an Independent Director of the Company.

The Board takes cognisance of Practice 5.3 of the MCCG 2021 that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. Nevertheless, the Board is of the view that the ability of long serving Independent Directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service or any pre-determined age. Nevertheless, the Board will seek annual shareholders' approval through a two tier voting process to retain Independent Director have served on the Board for more than nine (9) years.

The Board continues to strike an appropriate balance between tenure of service and continuity of experience of the Board. However, such change will take some time in order to maintain stability to the Board. Furthermore, the Company acknowledged the benefits from the Independent Directors who have, over time, gained invaluable insights into the Group, its market and the industry.

## Corporate Governance Overview Statement

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### VI. Directors' Training

The Board is cognizant of the added value that can be brought by the Directors when they are kept up to date with the industry and regulatory developments. All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Securities. During the financial year, seminars and training programmes attended included topics relating to corporate governance, risk management, corporate strategy, finance, taxation, leadership management, sustainability and new legislations. Training for Directors will be provided consistently so as to ensure that they are kept up to date on latest developments in relevant laws and business practices and to discharge their duties effectively.

An induction briefing is provided by the Board and senior management to newly appointed Independent Non-Executive Directors to provide them with in-depth knowledge of the Group's businesses and strategies.

The seminars, training programmes, conferences and forums attended by the Directors during the financial year under review include the following:-

Programme title	Organiser
Mandatory Accreditation Programme Part II: Leading for Impact (LIP).	Bursa Malaysia Berhad
Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	Bursa Malaysia Berhad
JC3 Journey to Zero Conference 2023	Bursa Malaysia Berhad
Chief Value Officer – The important evolution of the CFO	ACCA Malaysia
Navigating the E-Invoice Evolution and Maximizing Opportunities with SVDP 2.0	Crowe Malaysia
3rd Future CFO Conference Malaysia - Making Finance a Better Strategic Partner to Business	Cxociety
10 x Artificial Intelligence	EO Malaysia
Special Voluntary Disclosure Programme (SVDP) 2.0 by the Inland Revenue Board. What's in it for taxpayers?	Ernst & Young Tax Consultants Sdn Bhd
Invest Malaysia 2023 Series 2: Digital Malaysia: Tomorrow's Infrastructure, Today	Macquarie Malaysia
Malaysia Legal Forum 2023	Thomson Reuters
Share Structure Webinar 11.0	YYC Business School
AmBank International ESG Conference 2023 - Shaping Today for Tomorrow	Ambank Group
A Business Outlook on Malaysia Budget 2024 & New Industrial Master Plan 2030	Hong Leong Bank
ASEAN Reboot: Reimagining the Future	Maybank Invest Asean 2023
Trade Winds of Change 2023 (TWC'23) Thriving In Turbulences	Maybank Islamic
Invest Malaysia 2023 Special Series: 'Launch of the National Energy Transition Roadmap Part 1: Flagship Catalyst Projects and Initiatives - Energising the Nation, Powering Our Future'	Maybank Investment Bank
2024 Economic Outlook: Cross-Currents of Headwinds & Tailwinds	Maybank
Phillip Capital 13th Investment Conference - "Investment Opportunities Beyond Turmoil"	Phillip Capital
Market Strategy - Budget 2023: Developing Malaysia MADANI	RHB Research @RHB Investment Bank Bhd
UOB Macro and Markets Update - Navigating New Risks and Will This Derail the Fed's Rate Hike Path	UOB

## Corporate Governance Overview Statement

Cont'd

**VII. Directors' Remuneration**

The details of the remuneration of the Directors of the Company for the financial year under review are as follows:

**The Company**

	Salaries RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
Executive Directors	1,526	192	216	1,934
Non-Executive Directors	-	144	45	189
<b>Total</b>	<b>1,526</b>	<b>336</b>	<b>261</b>	<b>2,123</b>

**Other Related Companies (within FFB Group)**

	Salaries RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
Executive Directors	-	85	8	93
Non-Executive Directors	-	9	1	10
<b>Total</b>	<b>-</b>	<b>94</b>	<b>9</b>	<b>103</b>

	Remuneration Received from The Company RM'000	Remuneration Received from Other Related Companies RM'000
<b>Executive Directors</b>		
Mac Chung Hui	819	34
Mac Ngan Boon @ Mac Yin Boon	187	15
Lee Poh Kwee	126	17
Mazlan bin Abdul Hamid	802	27
<b>Independent Non-Executive Directors</b>		
Dato' Sri Khazali bin Haji Ahmad	59	-
Sobri bin Abu	65	10
Anuar bin Abd Rahman	65	-
<b>Total</b>	<b>2,123</b>	<b>103</b>

In compliance with Practice 8.1 of the MCCG 2021, there is detailed disclosure on named basis for the remuneration of individual Directors and it is disclosed in the Corporate Governance Report, which is published at the company's corporate website at [www.favellefavco.com](http://www.favellefavco.com).

However, the Company departs from Practice 8.2 the MCCG 2021 in view that there would be adverse implications including dissatisfaction and animosity among the staff in the event that the Company discloses salaries, bonuses, benefits in-kind and other emoluments of Senior Management on a named basis.

## Corporate Governance Overview Statement

Cont'd

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit Committee

The Audit Committee (“AC”) comprises three (3) members who are Independent Non-Executive Directors and is chaired by Sobri bin Abu. All members of the AC possess the required skills and experience to effectively discharge their duties and responsibilities as members of the AC. None of the members were former key audit partners for the Company or the Group in the past three (3) years.

Further details of the AC and its activities are set out in the AC Report of this Annual Report.

#### II. Relationship with the Auditors

Through the AC, the Group has established a transparent and appropriate relationship with the Group’s auditors, both internal and external. The internal auditors report directly to the AC and details of their activities are provided in the AC Report. Both the internal and external auditors are invited to attend the AC meetings to facilitate the exchange of views on issues requiring attention. The external auditors are also invited to attend meetings on special matters, when necessary. In addition, the AC also meets the external auditors, without the presence of Executive Board members and Management, at least twice a year.

The external auditors have declared that they are independent and do not have any conflict of interest to carry out the audits and for provision of non-audit services to the Group.

#### III. Internal Audit Function

Details of the internal audit function and activities are as set out in the AC Report of this Annual Report.

#### IV. Recurring Related Party Transactions

The Board, through the AC, reviews the recurring related party transactions.

All recurring related party transactions entered into by the Group were made in the ordinary course of business and in accordance with the approved shareholders’ mandate for recurring related party transactions.

#### V. Risk Management Framework and Internal Control

The Group’s Statement on Risk Management and Internal Control which provides an overview of the risk management framework and state of internal control within the Group is presented in this Annual Report.

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### I. Corporate Disclosure Policy

The Company is committed to ensuring that all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner.

The Company releases all announcements, material and price-sensitive information in a timely manner to Bursa Securities as required under the MMLR of Bursa Securities as well as releases the Company’s updates to the market and community through the Company’s website, media releases and other appropriate channels.

The Executive Directors evaluate the release of all major communications to investors and Bursa Securities.

## Corporate Governance Overview Statement

Cont'd

### II. Communication with Investors and Shareholders

The Board recognises the importance of maintaining effective communication with its investors and shareholders. An Investor Relations and Shareholder Communication Policy have been adopted by the Board to enable the Group and the Company to communicate effectively with its shareholders, existing and potential investors, other stakeholders and the public generally. An Investor Relations function has been established to facilitate communication between the Company and its existing shareholders and potential investors.

The Investor Relations function communicates with shareholders and investors through periodic roadshows and investor briefings both locally and abroad, with fund managers, institutional investors and research analysts. Information such as the Group's performance, strategy and major developments are presented and explained during these investor briefings.

Apart from the mandatory announcements of the Group's financial results and corporate developments to Bursa Securities, the Group maintains a website ([www.favellefavco.com](http://www.favellefavco.com)) that allows all shareholders to gain access to information, business activities and recent developments of the Group and for feedback.

### III. Annual General Meeting

The Annual General Meeting ("AGM") is an important forum and primary channel where communications with shareholders can be effectively conducted. Shareholders are encouraged to attend and participate in the meeting by raising questions on resolutions proposed and to enquire on the Company's progress and performance. Shareholders who are unable to attend the AGM are allowed to appoint a proxy/proxies to attend, participate, speak and vote on their behalf. In line with good CG practices, the notice of the AGM was circulated at least 28 days before the date of AGM to enable shareholders to make the necessary arrangements to attend and make informed voting decisions at the AGM.

The Company had hosted its fourth virtual AGM on 26 June 2023. The Chairman and Directors were in attendance to respond to shareholders' queries during the meeting. External auditors had also been invited to attend the AGM to provide independent clarification on issues relating to the conduct of audit and Auditors' Report, if any.

The AGM utilised technology and virtual platforms, that allowed the participation of shareholders at the AGM, to pose questions and receive responses to the questions been submitted prior to convening of AGM or real-time submission during the AGM via the online platform provided by the Company's Share Registrar. The Company had posted the Minutes of General Meeting detailing the question and answer session at the corporate website in accordance with Practice 13.6 of MCCG 2021.

In accordance with the MMLR of Bursa Securities, voting at the AGM shall be conducted by poll. All shareholders shall be briefed on the voting procedures by the poll administrator prior to the poll voting and the appointed independent scrutineer shall validate the votes cast and announce the poll results.

### COMPLIANCE STATEMENT

The Company has complied to a substantial extent, with the principles set out in the MCCG 2021 and the relevant requirements of the MMLR of Bursa Securities on CG to the extent set out above throughout the financial year ended 31 December 2023.

This CG Overview Statement was approved by the Board of Directors on 29 March 2024.

# Audit Committee Report

The Board of Directors (“**Board**”) of Favelle Favco Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2023.

## Composition and Attendance

The Audit Committee (“**AC**”) comprises solely three (3) Independent Non-Executive Directors. The AC therefore complied with paragraphs 15.09 (1) and 15.10 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) which require that the AC must be composed of not fewer than three (3) members, all of whom must be non-executive directors with a majority of them being independent directors with at least one (1) member having fulfilled the financial expertise requisite of the MMLR of Bursa Securities and the Chairman is an Independent Director.

During the financial year under review, the AC held four (4) meetings. The members of the AC and the record of their attendance at the AC Meetings held during the financial year ended 31 December 2023 are as follows:

Members	Designation	Attendance at meetings in 2023
Sobri bin Abu	Chairman <i>(Independent Non-Executive Director)</i>	4/4
Dato' Sri Khazali bin Haji Ahmad	Member <i>(Senior Independent Non-Executive Director)</i>	4/4
Anuar bin Abd Rahman	Member <i>(Independent Non-Executive Director)</i>	4/4

Issues discussed and deliberated during the four (4) AC meetings were recorded in the minutes of each meeting by the Company Secretary. Any matters of significant concern raised by the internal and external auditors were conveyed by the AC Chairman to the Board.

The Executive Director, Group Finance Director, Group Financial Controller and the Group Head of Internal Audit attended all meetings by invitation. Representatives of the External Auditors and other management representatives at the subsidiary level also attended some of the meetings upon invitation by the Chairman of the AC.

## Summary of Activities in 2023

The AC carried out its duties in accordance with its Terms of Reference. The main works and activities undertaken by the AC are as follows:

### (i) Financial Reporting & External Audit

- Reviewed the announcements of quarterly financial results as well as the year-end financial statements of the Group prior to recommending to the Board of Directors for consideration and approval. The AC deliberated on book orders, budgeted revenue, profitability and cash position;
- Reviewed the overall assessment of the external auditor's performance and independence for the financial period ended 31 December 2023. Messrs Crowe Malaysia PLT has been the Company's external auditor since 2010 and was recommended for re-appointment for the ensuing year. The financial period ended 31 December 2023 marked the sixth year for the engagement partner;
- Reviewed and approved the external auditors' audit plan for the financial ended 31 December 2023 inclusive of terms of engagement scope of work at its meeting held on 23 November 2023
- Reviewed the results of the annual audit for the Group and the Management Letter, including Management's response; and
- Convened two (2) meetings with the external auditors without the presence of the Executive Directors and Management on 20 February 2023 and 23 November 2023 to discuss relevant issues and obtain feedback.

## Summary of Activities in 2023 (continued)

### (ii) Internal Audit

- Reviewed the Group Internal Audit Department (“**GIAD**”)’s annual internal audit plan to ensure principal risks, key entities and functions were adequately identified and covered; the AC approved the annual internal audit plan at its meeting held on 23 November 2023;
  - Reviewed the recurrent related party transactions review report;
  - Reviewed the internal audit reports and specific review reports presented by the Internal Auditors which comprise audit findings, potential risks, internal auditors’ recommendations and management’s committed action plans; Where appropriate, the AC has directed the Management to improve internal controls based on the audit findings and recommendations;
  - Reviewed the results of follow-up audits performed by the Internal Auditors to monitor the status of management’s implementation of those committed action plans; and
  - Evaluated the performance of GIAD’s function and was satisfied in regard to the adequacy of scope and competency.
- (iii) Reviewed the recurrent related party transactions that arose within the Group on a quarterly basis to ensure that the amounts transacted were within the mandate approved by the shareholders.
- (iv) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the Board’s approval.
- (v) Deliberated on major business risks such as the cranes’ on-time delivery performance and material litigation affecting the Group.
- (vi) Reviewed the Company’s dividend proposal and recommended the same to the Board for approval.
- (vii) Reviewed the revised AC’s Terms of Reference.
- (viii) Reviewed and monitored all conflict of interest (“**COI**”) situations within the Group. The COI review was extended to encompass Directors and Key Senior Management within the Group. Enhanced disclosure in connection with any COI or potential COI will be included in the Annual Report of the Company for the year ending 31 December 2024.

### Internal Audit Function

The GIAD of the holding company, which is also a company listed on the Main Market of Bursa Securities, provides internal audit services to FFB Group. GIAD carries out its activities in accordance with the Internal Audit Charter which defines the scope, authority, roles and responsibilities of the internal audit function. GIAD is a function independent from management and it reports directly to the Audit Committee of FFB.

GIAD is headed by Ng Soo How, Josephine who is a member of the Institute of Internal Auditors Malaysia. She has regular and direct communication with the AC and unrestricted access to the members of the Board and Senior Management. She is supported by two (2) auditors who have university degrees. All the internal auditors have been provided with written assurance confirming their compliance with the code of conduct of the Group and are free from any relationships or conflicts of interest which could impair their objectivity during the course of their audit works.

## Audit Committee Report

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### Internal Audit Function (continued)

Based on the internal audit plan approved by the AC, GIAD performs an independent assessment of the adequacy and effectiveness of the Group's system of internal control, risk management and governance processes. GIAD is guided by the International Professional Practice Framework (IPPF) in their works and performs audit reviews through a risk-based approach, in line with the Group's objectives and policies and taking into consideration input from the Senior Management and the Board. For the financial year ended 2023, the scope of the review included the following:

- Supply Chain Management
- Recurring and Related Party Transactions
- Corporate Governance
- Project Initiating and Planning
- Sale and Service Management

Findings of the above five (5) internal audit reviews were discussed with the Senior Management and the relevant heads of departments prior to presenting them to the AC for their deliberation where the reports included recommendations, action plans with target implementation timeline established by Management to mitigate the issues of concerns within the time frame specified. Actions taken by the audited operating units were followed up by GIAD and the review results were reported to the AC. In addition, GIAD carried out the following:

- Facilitated quarterly Risk Management Committee meetings and Risk Management Unit meetings for the various business units without compromising its independence.
- Reviewed the Statement on Risk Management and Internal Control for the Company's 2023 Annual Report.

The total cost incurred by GIAD for the financial year ended 31 December 2023 was approximately RM261,600.

### Terms of Reference

The Terms of Reference of the AC was last reviewed on 31 July 2023 and there were amendments made on the Terms of Reference in line with the Main Market Listing Requirements.

The AC Terms of reference is available on the Company's website at [www.favellefavco.com](http://www.favellefavco.com).



# Statement on Risk Management & Internal Control

## Introduction

The Board of Directors (“**the Board**”) of Favelle Favco Berhad is pleased to include this statement as required by paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## Board’s Responsibilities

The Board, in discharging its responsibilities, is committed to the maintenance of good risk management practices and sound internal controls as a platform for good corporate governance. The Board affirms its overall responsibility for maintaining a sound system of risk management and internal control so as to safeguard the shareholders’ interests and the Group’s assets. The Board has also received assurance from the Managing Director/Chief Executive Officer and Group Financial Controller that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Due to inherent limitations in any risk management and internal control system, such a system established by Management is designed to manage rather than to eliminate the risks of failure to achieve the Group’s business objectives. Accordingly, the risk management and internal control system can only provide reasonable and not absolute assurance against material error, misstatement or loss.

## Risk Management

In line with the good practice of closely monitoring the Group’s risk exposures, a Risk Management Committee (“**RMC**”) with its principal roles and responsibilities stated in the risk management policy and the procedure was established at the Group level. The RMC which consists of Executive Directors and members from Senior Management, monitors the Group’s risk exposures by meeting on a quarterly basis to review the risk profile. During the meetings, the status of the Group’s major risks is deliberated and the reports on the major risks submitted by the Risk Management Units (“**RMUs**”) are reviewed. The outcome of the RMC meetings is reported to the Board by the RMC Chairman who is also the Managing Director.

The RMC is supported by RMUs set up at the respective business units comprising management staff and the relevant Heads of the Department. The RMU within each business unit meets on a quarterly basis to review the status of the risk profile and the results of their reviews are documented in the report that comprises the risk profile and risk matrix.

The RMC and RMUs are established with the aim of providing a continuing and consistent approach in identifying and assessing risks as well as facilitating the review of the adequacy of the related risk management process in mitigating the risk. Such a risk management process was in place until the date of approval of this Statement.

## Key Elements of Internal Control

- Organisation Structure & Authorisation Procedures

The Group maintains a formal organisational structure that includes a clear delegation of responsibilities and accountability. It sets out the roles and responsibilities, review and approval procedures to uphold the internal control system of the Group’s various business units.

- Vision and Mission

The Management has established a vision and mission statement to provide direction to employees towards achieving the goals and objectives of the Group.

- Authority Limits

Each business unit has a Discretionary Authority Limit that refers to the authority limits for financial and non-financial transactions which have been assigned to certain personnel to approve or carry out to enable timely decision making and ensure checks and balances on the commitments to be undertaken on behalf of the Group.

## Statement on Risk Management & Internal Control

Cont'd

### Key Elements of Internal Control (continued)

- Code of Conduct, Whistle-blower Policy and Anti-Bribery and Corruption Policy

The Group has set up a code of Conduct, a Whistle-blower Policy and an Anti-Bribery and Corruption Policy to foster a culture of accountability and integrity. These also serve as a guide to shape the acceptable behaviour of the employees.

- Group Policies and Procedures

Policies, objectives and quality procedures for key business processes are formalised and documented in quality manuals. The Quality Assurance/Quality Control ("QA/QC") Department conducts yearly Internal Quality Audits and checks to ensure that the operational processes are in accordance with the ISO 9001:2015 Quality Management System, API Specification Q1 and API Specification 2C respectively. API Specification Q1 and API Specification 2C are certifications from the American Petroleum Institute. Apart from in-house quality audit, there were scheduled audits conducted by external auditors from the relevant certification bodies.

- Budgetary Review on Profit & Loss

An annual profit and loss budget is prepared by Management and tabled to the Board for approval. Quarterly monitoring is carried out to measure the actual performance against the budget to identify significant variances and report to the Board.

- Quality Assurance / Quality Control

The QA/QC Department of the respective entities within the Group focuses on Quality Assurance of the manufacturing works of the Group. Quality Control Inspectors have been carrying out quality control activities at manufacturing plants and fabrication yards as well as those of sub-contractors to ensure that the work performance complies with the quality specifications.

- Health, Safety and Environment

The Health, Safety and Environment Department has been embarking on periodic training and inspection to ensure reasonable levels of awareness of and compliance with the required laws and standards. Their activities are compiled and reported on a monthly basis.

- Information and Communication

Information critical to the achievement of the Group's business objectives is communicated through established reporting lines across the Group. This is to ensure that matters that require the attention of the Board and Senior Management are highlighted for review, deliberation and decision on a timely basis.

- External Audit

If the external auditors detect any internal control weakness during the course of their audit, they will highlight such weakness in the audit review memorandum to the Audit Committee ("AC") for their attention.

The Group's system of internal control does not apply to Associate Companies where the Group does not have full management control over these entities. However, the Group's interest is served through representations on the board of the respective Associate Companies.

## Statement on Risk Management & Internal Control

Cont'd

### Review of Internal Controls

The AC is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. In addition to reviewing the quarterly reports submitted by Management and observations reported by the external auditors, the AC is also supported by the Group Internal Audit Department which performs independent assessments of the adequacy and effectiveness of the internal controls based on the audit plan approved by the AC. The internal audit findings and recommendations are reviewed by the AC on a quarterly basis. A description of the work and activities of the AC can be found in the Audit Committee Report in this Annual Report.

### Review of this Statement by External Auditors

As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control, and reported to the Board that nothing has come to their attention that has caused them to believe that the Statement on Risk Management and Internal Control, in all materials aspects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, or is factually inaccurate. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants.

### Conclusion

The Board is of the view that the Group's system of internal control and risk management put in place for the year under review and up to the date of approval of this Statement is reasonably adequate and effective to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, effect appropriate action plans to further enhance the system of internal control and risk management framework.

This Statement was approved by the Board of Directors on 29 March 2024.

# Directors' Responsibility Statement

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The Directors are required by the Companies Act 2016 ("the Act") to ensure that the annual financial statements of the Group and the Company are prepared in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and that these financial statements provide a true and fair view of the financial position, financial performance and cash flows of the Group and the Company for the financial year ended 31 December 2023.

In preparing these financial statements, the Directors have adopted appropriate accounting policies on a consistent basis, made judgments and estimates that are reasonable and prudent and ensured that the financial statements are prepared on a going concern basis in accordance with the applicable accounting standards.

The Directors are required to keep proper accounting records with reasonable accuracy to enable them to ensure that the financial statements comply with the Act. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

# Sustainability Statement

At Favelle Favco, our business is run based on continuous improvement and striving to be the best in the industry. This year, we have taken up the call towards sustainable development, integrating our business operations with sustainable practices that will not only enhance our market presence, but safeguard the environment and improve the livelihood of society and future generations as well.

## About this Statement

### LIFTING THE SCENE TO KEEPING IT SUSTAINABLE

Long-term planning and responsible actions have led to our success as one of the builders of the world’s fastest cranes. By steering our focus towards sustainability, we efficiently manage our economic, environmental and social (“EES”) risks that may impact our business value chain whilst showcasing our commitment towards building a sustainable future for the Group.

We have prepared our sustainability statement in accordance with the requirements set out by the Sustainability Reporting Guide published by Bursa Malaysia Securities Berhad (Bursa Malaysia). The format that we have adopted is in line with the Global Reporting Initiative (“GRI”) G4 Guidelines.

## Scope and Boundary

For the purpose of this sustainability statement, we have focused on our operations in Malaysia, specifically, our sustainability initiatives at our corporate headquarters in Klang and our manufacturing operations in Senawang, Seremban.

## Governing Our Sustainability Efforts

A robust governance structure is fundamental in the integration of sustainable practices across the Group. The Group’s **Risk Management Committee (“RMC”)** has taken on the additional responsibility of managing sustainability across the Group to ensure the initiatives put in place are aligned with the Group’s long-term business strategy with the **Board of Directors** at its apex.

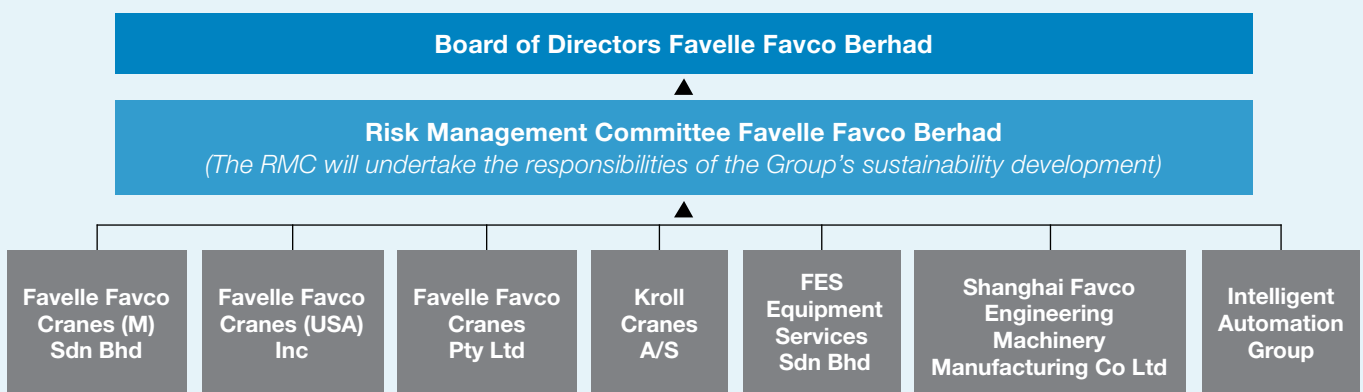
## Roles and Responsibilities

### Board of Directors

- Issues the final approval for all sustainability strategies and material issues identified by the RMC
- Oversees the overall progress of the committee’s sustainability efforts

### RMC

- Monitors the Group’s risk exposures by reviewing the organisation’s risk profile on a quarterly basis,
- Monitors sustainability initiatives and reports the sustainability progress to the Board of Directors,
- Develops an overarching sustainability strategy for the Group and implement approved sustainability initiatives across the Group levels, and
- Recommends sustainability matters that are applicable to the Group



## Sustainability Statement

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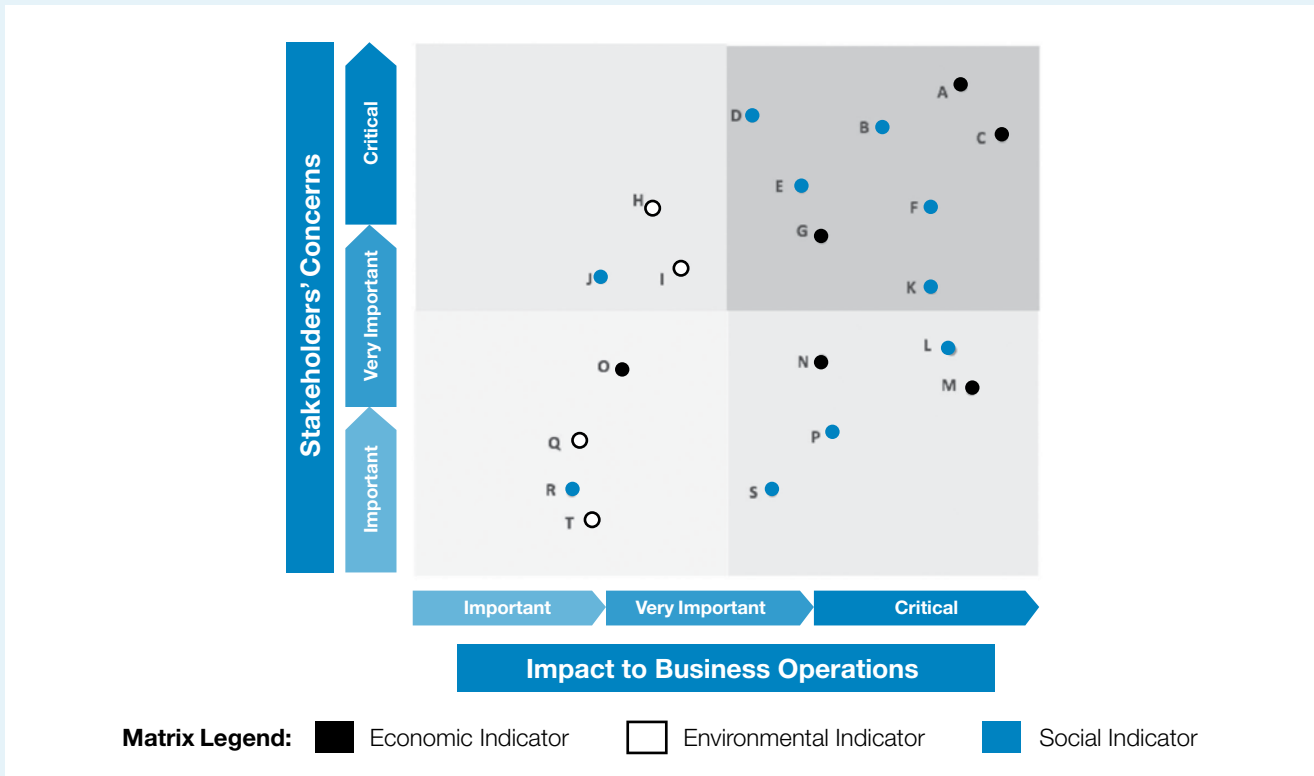
### Maintaining Good Stakeholders Engagement

The Group's stakeholders comprise internal and external groups that are directly or indirectly impacted by our organisation and the crane industry. Through multi-platform communication channels, we engage our stakeholders, and their respective concerns, to effectively address and manage their issues and expectations.

Employees	Regulatory Agencies and Statutory Bodies	Customers
<b>Areas of Concern</b>		
<ul style="list-style-type: none"> <li>• Performance Management System</li> <li>• Learning, Competency and Career Development</li> <li>• Industrial Harmony</li> <li>• Work-Life Balance</li> <li>• Equal Pay</li> <li>• Safe and Healthy Working Environment</li> </ul>	<ul style="list-style-type: none"> <li>• Governance Compliance</li> <li>• Statutory and Regulatory Compliance</li> <li>• Labour Practices</li> <li>• Occupational Safety and Health</li> <li>• Environmental Management and Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient Complaints Resolution</li> <li>• Customer-Company Relationship Management</li> <li>• Safety and Security</li> <li>• Meeting Technical and Commercial Requirements</li> <li>• After-sales Service Support</li> <li>• Training of Customers' Technical Personnel</li> </ul>
<b>Engagement Platform</b>		
<ul style="list-style-type: none"> <li>• Circulation of Internal Policies</li> <li>• Management Meetings</li> <li>• Annual Staff Appraisals</li> <li>• Competency-based Training</li> <li>• Communal Sensitivities in Counselling and Housing Practices</li> <li>• Sports and Recreation Activities</li> <li>• HSE Committee Meetings, Inspections and Audits Activities</li> <li>• Unsafe Condition and Unsafe Act (UCUA) Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Renewal of Permits and Licensing</li> <li>• Waste and Effluent Management</li> <li>• Inspection by Local Authority</li> <li>• Annual Reports</li> <li>• General Meetings with Managers and Local Regulators</li> <li>• Internal and External Audit</li> </ul>	<ul style="list-style-type: none"> <li>• Regular Client Reports and Meetings</li> <li>• Customer Feedback Management</li> <li>• Customer Satisfaction Survey</li> <li>• Community and Networking Events</li> <li>• Training</li> </ul>
<b>Suppliers and Contractors</b>		
<b>Local Communities</b>		
<b>Investors</b>		
<b>Areas of Concern</b>		
<ul style="list-style-type: none"> <li>• Transparent Procurement Practices</li> <li>• Intellectual Properties</li> <li>• Clear Scope of Supply and Requirements</li> <li>• Payment Schedule</li> <li>• Pricing of Services</li> <li>• Prioritisation of Local Products</li> <li>• Capability and Facilities to Meet Requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Social Issues</li> <li>• Impact of Business Operations</li> <li>• Transparency and Accountability</li> <li>• Environmental Impacts</li> <li>• Mismatch of Qualification with Job Requirements</li> <li>• Industry Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Group Financial Performance</li> <li>• Group Business Strategy</li> <li>• Sustainable and Stable Distribution Income</li> <li>• Share Price Growth</li> </ul>
<b>Engagement Platform</b>		
<ul style="list-style-type: none"> <li>• Supplier Performance Appraisal</li> <li>• Supplier Quality Management</li> <li>• Contract / Quotation Negotiation</li> <li>• Vendor Registration</li> <li>• Open Tender</li> </ul>	<ul style="list-style-type: none"> <li>• Community Engagement with Local Council</li> <li>• Job Opportunities</li> <li>• Training</li> </ul>	<ul style="list-style-type: none"> <li>• Investors Seminars and Conference</li> <li>• Investors Meetings</li> <li>• Annual General Meetings</li> <li>• Annual Reports</li> <li>• Non-Deal Roadshows</li> </ul>

**Our Materiality Assessment**

Identifying our material sustainability matters is an important step towards recognising the EES that are embedded in our value chain. To better understand the material sustainability matters that impact the Group's business activities and, that are important to our stakeholders, the **RMC** identified and ranked the material issues based on GRI's economic, environmental and social aspects using a weighted ranking method.



Material Sustainability Issues	Corresponding GRI Aspects	Stakeholder(s) Concerned
A. Corporate Governance and Transparency	GRI General Standard Disclosure	Employees and Investors
B. Regulatory Compliance	Compliance	Regulatory Agencies, Investors and Customers
C. Financial Performance	Economic Performance	Employees and Investors
D. Training and Development	Training and Education	Employees
E. Quality Control	Product Service and Labelling	Supplies and Contractors, and Customers
F. Occupational Health and Safety	Occupational Health and Safety	Employees, Regulatory Agencies and Suppliers and Contractors
G. Risk Management	GRI General Standard Disclosure	Investors
H. Hazardous Waste Management	Effluent and Waste	Local Communities, Investors and Regulatory Agencies
I. Air Emissions	Emissions	Local Communities and Regulatory Agencies
J. Employee Wellbeing	Diversity and Equal Opportunity	Employees

## Sustainability Statement

Cont'd

Material Sustainability Issues	Corresponding GRI Aspects	Stakeholder(s) Concerned
K. Ethics and Integrity	GRI General Standard Disclosure	Employees, Investors and Customers
L. Investors Relation	GRI General Standard Disclosure	Investors
M. Human Rights and Labour Practices	Child Labour and Forced or Compulsory Labour	Employees and Regulatory Agencies
N. Contractor Management	GRI General Standard Disclosure	Suppliers and Contractors
O. Supply Chain Management	GRI General Standard Disclosure	Suppliers and Contractors
P. Customer Satisfaction	Product Service and Labelling	Customers
Q. Manufacturing Materials	Materials	Local Communities, Investors and Regulatory Agencies
R. Contribution to Society	Local Communities	Local Communities
S. Talent Retention	Training and Education	Employees
T. Energy and Water Consumption	Energy and Water	Local Communities, Investors and Regulatory Agencies

### Our Road to Sustainability

Our sustainability efforts are guided by an overarching strategy to achieve our goals on sustainable development. We begin by presenting a sustainability vision that encompasses the Group's overall sustainability aspirations, drawing upon four main pillars (*Marketplace, Workplace, Environment and Community*) that will become building blocks for us to achieve our vision.



### Sustainable Marketplace

As one of the market leaders in the cranes manufacturing industry, we are committed to delivering sustainable long-term returns to our shareholders in an ethical and transparent manner while sustaining healthy economic growth. Our policies and guidelines shape the way we conduct our business operations.



**Embedding Ethical Business Practices**

Effectively managing EES risks ensures business sustainability while meeting stakeholders' expectations. The listed policies and guidelines we adhere to further highlight our commitment to maintaining corporate integrity through effective governing.

**Product Quality and Control**

The Group manufactures some of the best cranes used globally. To maintain this reputation, we conduct product quality monitoring on a real-time basis using inspection and test plans on each of the cranes that we manufacture.

A Quality Policy was also established in 2017 to formalize our monitoring procedure and quality assurance methods. The monitoring process includes product quality objectives to be met for the following aspects: financial, customers, internal processes, people management and suppliers.

**Sustainable Workplace**

Human capital is the most valuable and integral part of our business sustainability. In view of this, we have made it our priority to nurture a work environment that is both well-balanced and rewarding for our employees. We empower our workforce through systematic training programmes and career development opportunities to facilitate best practices and work performance.

**Diversity and Inclusion**

Our continuous efforts to uphold fair employment practices safeguard a working environment that is respectful, safe and fair - regardless of gender, age or racial distribution - for all our employees.

**Employment Level**

The Group employs a total of 508 individuals consisting primarily of non-executives who make up 72% of the total workforce. The executive level employees account for 24% and the remaining 4% are employed at management level.

**Gender and Age Distribution**

While we strive towards gender diversity in the workplace, we also appreciate that the manufacturing industry is heavily dominated by males due to the tasks performed and risk associated with working in such an environment. Thus, the majority of our employees (90%) are men.

The employee age distribution is made up of 71% employees within the 30 to 50 years old age range, followed by 20% and 9% in the less than 30 years old and more than 50 years old age ranges respectively.

**Employee Advancement and Development**

A competent workforce is crucial for the Group's performance. The investments we make in fostering the individual skills of our employees through targeted programmes that include a wide range of competency-related training courses and industry related seminars.

**Favelle Favco's Policies and Procedures**

**National Policy**

Malaysia's Minimum Wages Order 2022

Employment Act 1955

Accountants Act 1967; *In compliance with Malaysia's Financial Reporting Standards (FRS)*

Companies Act 2016

Electricity Supply Act 1990

Factories and Machinery Act 1967 (Act 139)

Fire Services Act 1988

Occupational Safety and Health Act 1994 (Act 514)

Environmental Quality Act 1974 (Act 127)

ISO 9001:2015 Quality Management Systems

*American Petroleum Institute (API) Specification Q1; Quality Management System Requirements for Manufacturing Organisations for the Petroleum and Natural Gas Industry*

API Specification 2C; *Offshore Pedestal Mounted Cranes*

**Internal Policy**

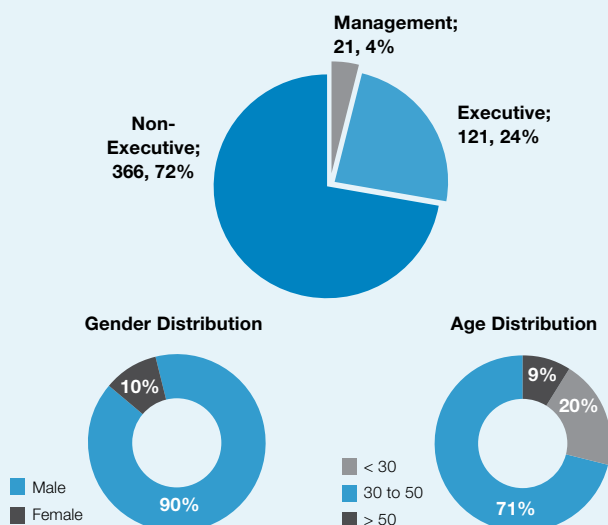
Safety and Health Policy 2022

Quality Policy 2017

Drug and Alcohol Policy 2015

Environment Policy 2021

**Favelle Favco's Employment Levels Based on Number of Individuals**



## Sustainability Statement

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### Health and Safety Measures

At our Group, we make safety a part of everything we do and continuously review and improve our working conditions and ensure adherence to the Occupational Safety and Health Act, 1994. Our Safety, Health and Environment Policy is a reflection of our commitment to ensuring a safe and conducive workplace.

The management of safety and health initiatives is helmed by our Environment, Health and Safety Committee comprising 26 members. Their responsibilities include the implementation and monitoring of safety and health practices at our active work sites and at our manufacturing facilities. Our employees are trained to stop unsafe work at any of our locations, make safety observations and report near-misses and loss time injury.

### Sustainable Environment

A sustainable and responsible use of energy and environmental resources is an integral part of our Group's corporate culture. We abide by the Environmental Quality Act, 1974 and its subsidiary regulations as well as the policies and guidelines put in place by the Department of Environment.

### Reducing Energy Usage

Climate change remains an ongoing material sustainability issue that affects all industries at a global level. The effects of climate change are exacerbated by uncontrolled carbon emissions through industrial processes and urbanization. We installed transparent roof cladding at our Senawang manufacturing facility to utilise natural lighting which reduces the amount of electricity consumption, one of the main contributors to carbon emissions, used to light the factory. We had also installed solar power. Additionally, we implemented a timer-system for the light fixtures that lights the outside of our factory.

### Monitoring Emission Levels

Our manufacturing operations include the assembly and spray painting of the cranes that we build. We monitor and manage our emissions by conducting the painting activities within a designated paint booth equipped with a water curtain. The impurities from the painting activity is removed by the water curtains and only the clean air is released to the environment via a stack. To monitor the efficiency of the system, we undertake stack monitoring three times a year.

### Managing Air Emissions

- Water curtain
- Stack monitoring

### Responsible Waste Management

Scheduled wastes are by-products of most manufacturing processes. Examples of the scheduled waste produced by our manufacturing operations include spent lubricating oil, spent hydraulic oil, spent mineral oil-water emulsions; and rags, plastics, papers or filters contaminated with scheduled wastes. As required under the Environmental Quality (Scheduled Wastes) Regulations 2005, we comply with the requirements for handling, storage and disposal by contractors licensed by the Department of Environment, Malaysia. We also keep up to date inventory of the waste quantities generated, stored and disposed.

### Sustainable Community

As our business continues to expand regionally and globally, we remain committed to improving the lives and wellbeing of those living in the community we operate in. Our community contribution is mainly focused on enhancing the local economy and job employability of the people living in Senawang, Seremban. The Group hires most of its employees from the surrounding local community, providing job opportunities for local talents rather than hire foreign human capital.

We further contribute towards uplifting job employability and technical skills for our local hires by providing sponsorship for vocational training. This includes the sponsorship of 214 local employees residing in Senawang for job-related training programmes which cover technical skills, safety and health awareness, chemical safety training, financial and administration training for FY2023. We further sponsored 11 employees for specialized health and safety training and conferences held by DOSH.

Moving forward for the coming years, we aim to deepen our understanding of material societal issues that can be managed or improved by the Group to achieve harmonious living and societal prosperity.

### Contribution to Society

We believe in giving back to society, as such we have provided free safety training and crane familiarization for new entrants to the Department of Occupational Safety and Health (DOSH) under the Ministry of Human Resources Malaysia. Furthermore, we contributed to funds raised for research into stem cell for stroke recovery. On 14 December 2023, Favelle Favco Cranes (M) Sdn Bhd, a member of the Group continued its corporate social responsibility programme by organising Blood Donation Drive. The Blood Donation Drive with the support from Hospital Tuanku Ja'afar, Seremban aims to replenish the blood supplies for the blood bank.

We will continue to societal goals or charitable contributions by supporting community development, providing monetary grants to non-profit organisations for public benefits and conduct business and investment practices ethically.

## Sustainability Statement

Cont'd

## Our Sustainable Strategy with SDG Targets

We are pleased to say that our sustainable strategy which focuses on the four (4) main pillars encompassing the Marketplace, Workforce, Environment and Community also supports some of the relevant United Nations Sustainable Development Goals (“UN SDGs”).

Our SDG targets are carried out via our diversified business and operations as summarized below:

<b>3</b> Good Health and Well-Being	3.5	Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.
	3.8	Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

We have established a policy related to alcohol & drug abuse policy.

Our commitment to good health and well-being especially to our employees is demonstrated in our Safety and Health Policy which is adhered to across the Group.

<b>5</b> Gender Equality	5.2	Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.
	5.5	Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.

The Group has established Sexual Harassment Policies under our CODE OF ETHICS, BUSINESS PRACTICE AND CONDUCT POLICIES AND PROCEDURES.

We have also fulfilled the condition of at least one female director on the Board as per the main market listing requirement.

<b>6</b> Clean Water and Sanitation	6.3	Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
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As required under the Environmental Quality (Scheduled Waste) Regulations 2005, we comply with the requirement of handling, storage and disposal of Scheduled Waste by contractors licensed by the Department of Environment (DOE). Our premises at Senawang has been equipped with five units of oil interceptors to capture the waste oil.

Our Intelligence Automation division also provides business solutions on Waste Water Treatment Plant (WTP) Measurement and has assisted many industries in improvement of water quality as it could measure pH, DO, ORP, Conductivity, COD, BOD, TSS, TVOC and many more online real-time without going through 3rd party accredited laboratory to generate the report. We nurture an Environmental, Health and Safety (EHS) culture in our organisation by reducing waste and promoting recycling and reused.

<b>7</b> Affordable and Clean Energy	7.1	Ensure universal access to affordable, reliable and modern energy services.
--------------------------------------	-----	---

We have invested in solar energy for our office and plants with solar PV system capacity (approximately 560 kW pdc).

## Sustainability Statement

Cont'd

<b>8</b> Decent Work and Economic Growth	8.7	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
We have no child labour for the Group.		
<b>12</b> Responsible Consumption and Production	12.4  12.5	Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.  Substantially reduce waste generation through prevention, reduction, recycling and reuse.
<p>We monitor and manage our emission in the assembly and painting of cranes operation in a designated paint booth equipped with a water curtain so that only the clean air is released via a stack to the environment. We undertake to monitor the efficiency of the stack system three times a year.</p> <p>Our Intelligence Automation division also provides one-stop solutions on Continuous Emission Monitoring System (CEMS) which are used to provide data for compliance with regulatory requirements and reporting of pollutant emissions which have been endorsed by the Malaysia Department of Environment (DOE) and linked to iRemote.</p>		
<b>13</b> Climate Action	13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
<p>Our Intelligence Automation division has been supplying Solar power system to remote offshore Oil &amp; Gas platforms for the past 20 years. In line with Petronas initiative on reducing its carbon footprint and to achieve net-zero carbon emission, the division had successfully designed, built and delivered Solar Hybrid Wind Turbine (SHWT) and Direct Methanol Fuel Cells (DMFC) power generation package to Offshore platforms for the past few years.</p> <p>The division had also successfully delivered few projects converting venting to flaring (VTF) which changes Methane (CH<sub>4</sub>), the potent greenhouse gas into Carbon Dioxide which has more rapid climate benefits.</p> <p>The division is in the process of exploring Carbon capture, Utilization, and storage (CCUS) technologies which can play a crucial role in reducing greenhouse gas emissions.</p>		
<b>16</b> Peace, Justice and Strong Institutions	16.5	Substantially reduce corruption and bribery in all their forms.
<p>We also adopted the Anti-Bribery and Corruption Policy which sets out information and practical guidelines to all Directors and employees of the Group in relation to the Group's core values and expectations, as well as the policies and procedures in dealing with corruption and bribery matters. There is an Anti-Bribery Compliance Officer from the Group who would review the policies with Management from time to time.</p> <p>In line with Malaysian Code of Corporate Governance 2021 and Whistleblower Protection Act 2010, we also have a Whistleblower Policy that allows employees and members of the public who are aware of or suspects a violation of the Policy to whistle blow and report in good faith their concerns through the mechanism set out under the Group's Whistleblower Policy. All reports shall be treated confidentially.</p>		

**We conclude our 2023 sustainability efforts on a positive note and remain optimistic of future prospects with regards to sustainable development. The Group remains driven and eager to continue and build on our sustainability efforts in the coming years, further improving the way we manage our material sustainability issues identified in this financial year.**

## Sustainability Statement

Cont'd

**Bursa Malaysia ESG Performance Data Table**

This ESG Performance Data Table was generated from Bursa Malaysia's ESG Reporting Platform and is included in this Sustainability Statement as mandated by Bursa Malaysia's enhanced sustainability reporting requirements for the Company within the Main Market Listing Requirements.

Indicator	Measurement Unit	2023
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	2.16
Bursa C5(c) Number of employees trained on health and safety standards	Number	508
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	434
Executive	Hours	4,445
Non-executive/Technical Staff	Hours	2,849
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	5.90
Bursa C6(c) Total number of employee turnover by employee category		
Male	Number	32
Female	Number	3
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Executive	Percentage	24.30
Non-executive/Technical Staff	Percentage	75.70
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	3.54
Management Above 50	Percentage	0.59
Executive Under 30	Percentage	6.10
Executive Between 30-50	Percentage	16.54
Executive Above 50	Percentage	0.98
Non-executive/Technical Staff Under 30	Percentage	13.98
Non-executive/Technical Staff Between 30-50	Percentage	50.79
Non-executive/Technical Staff Above 50	Percentage	7.48
Gender Group by Employee Category		
Management Male	Percentage	3.35
Management Female	Percentage	0.79
Executive Male	Percentage	17.12
Executive Female	Percentage	6.69
Non-executive/Technical Staff Male	Percentage	69.88
Non-executive/Technical Staff Female	Percentage	2.17

## Sustainability Statement

Cont'd

### Bursa Malaysia ESG Performance Data Table (continued)

Indicator	Measurement Unit	2023
<b>Bursa (Diversity)</b>		
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	85.71
Female	Percentage	14.29
Between 30-50	Percentage	14.29
Above 50	Percentage	85.71
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	54.54
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	117,212.50
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	1,077.26
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	24.440000

### Assurance Statement

This Sustainability Statement has not been subjected to an assurance process.

# Financial Statements

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# Directors' Report

for the financial year ended 31 December 2023

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

## Principal activities

The Company is principally engaged in the business of investment holding, whilst the principal activities of the subsidiaries and associates are set out in Notes 7 and 8 respectively to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## Results

	Group RM'000	Company RM'000
Profit attributable to:		
Owners of the Company	50,554	28,016
Non-controlling interests	10,902	-
Profit after taxation for the financial year	61,456	28,016

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review other than those disclosed in the financial statements.

## Dividends

Since the end of the previous financial year, the Company paid a final ordinary tax exempt dividend of 4.00 sen per ordinary share totaling RM9,342,711 in respect of the financial year ended 31 December 2022 on 6 September 2023.

The final ordinary tax exempt dividend recommended by the Directors in respect of the financial year ended 31 December 2023 is 9.00 sen per ordinary share totaling RM21,044,409 and is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

## Directors of the Company

The Directors who served since the date of the last report and at the date of this report are:-

Dato' Sri Khazali bin Haji Ahmad  
 Mac Chung Hui  
 Mac Ngan Boon @ Mac Yin Boon  
 Lee Poh Kwee  
 Mazlan bin Abdul Hamid  
 Sobri bin Abu  
 Anuar bin Abd Rahman

The names of Directors of the Company's subsidiaries are set out in the respective subsidiaries financial statements, and the said information is deemed incorporated herein by such reference and made a part hereof.



## Directors' Report for the financial year ended 31 December 2023

Cont'd

**Directors' interests**

The interests and deemed interests in the shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
<b>Interests in the Company</b>				
Mac Chung Hui	3,842,000	-	-	3,842,000
Mac Ngan Boon @ Mac Yin Boon				
- Direct	10,842,913	-	-	10,842,913
- Indirect	1,738,800	-	-	1,738,800
Lee Poh Kwee	2,915,000	-	-	2,915,000
Mazlan bin Abdul Hamid	2,836,100	-	336,500	2,499,600

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
<b>Indirect interest in the Company</b>				
Mac Ngan Boon @ Mac Yin Boon*	141,632,243	8,976,800	-	150,609,043

\* Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his direct substantial shareholding in Muhibbah Engineering (M) Bhd.

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
<b>Interests in the holding company - Muhibbah Engineering (M) Bhd.</b>				
Mac Chung Hui	8,557,500	-	-	8,557,500
Mac Ngan Boon @ Mac Yin Boon				
- Direct	123,638,124	-	-	123,638,124
- Indirect	31,376,250	-	-	31,376,250
Lee Poh Kwee				
- Direct	10,212,308	-	-	10,212,308
- Indirect	975,000	-	-	975,000
Mazlan bin Abdul Hamid	500,000	-	-	500,000

## Directors' Report for the financial year ended 31 December 2023

Cont'd

**Directors' interests (continued)**

The options granted to eligible Directors over unissued ordinary shares in the Company and the holding company pursuant to the Company's and the holding company's Share Issuance Scheme ("SIS") are set out below:

	Number of options over ordinary shares			
	At 1.1.2023	Granted	Exercised	At 31.12.2023
<b>The Company</b>				
Mac Chung Hui	1,750,000	-	-	1,750,000
Mac Ngan Boon @ Mac Yin Boon	1,600,000	-	-	1,600,000
Lee Poh Kwee	1,450,000	-	-	1,450,000
Mazlan bin Abdul Hamid	1,450,000	-	-	1,450,000

	Number of options over ordinary shares			
	At 1.1.2023	Granted	Exercised	At 31.12.2023
<b>Holding company</b>				
<b>- Muhibbah Engineering (M) Bhd.</b>				
Mac Ngan Boon @ Mac Yin Boon	7,000,000	-	-	7,000,000
Lee Poh Kwee	5,000,000	-	-	5,000,000

By virtue of his direct and indirect interests in shares of the Company, Mac Ngan Boon @ Mac Yin Boon's shareholding of more than 20% is deemed to have interests in the shares of all the subsidiaries during the financial year to the extent that Favelle Favco Berhad has an interest, in accordance with Section 8 of the Companies Act 2016.

Other than the abovementioned Directors, none of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

**Directors' benefits**

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial statements, or the fixed salary of a full time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transaction entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the SIS of the Company.

## Directors' Report for the financial year ended 31 December 2023

Cont'd

**Directors' remuneration**

The details of the directors' remuneration paid or payable to the Directors of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Executive Directors		
- Fees	277	192
- Remunerations	1,750	1,742
Total short-term employees benefits	2,027	1,934
Non Executive Directors		
- Fees	153	144
- Other benefits	46	45
Total short-term employees benefits	199	189
	2,226	2,123

**Holding Company**

The holding company during the financial year is Muhibbah Engineering (M) Bhd, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

**Subsidiaries**

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

**Issue of shares and debentures**

During the financial year,

- (a) The Company increased its issued and paid-up share capital from RM194,988,000 to RM195,072,000 by way of an issuance of 42,000 new ordinary shares from the exercise of options under the Company's SIS at the exercise price as disclosed in Note 15 to the financial statements which amounted to RM60,000; and
- (b) there was no issuance of debenture by the Company.

**Treasury shares**

The treasury shares are disclosed in Note 16 to the financial statements.

**Options granted over unissued shares**

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the SIS.

The Share Issuance Scheme ("SIS") for the eligible employees including Directors of the Company and its subsidiaries was established on 27 July 2022 following the approval of the Company's shareholders at an EGM held on 22 June 2022. The main features of the new SIS, details of share options offered and exercised during the financial year are disclosed in Note 30. The SIS expires on 26 July 2027.

## Directors' Report for the financial year ended 31 December 2023

Cont'd

### Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ensure that:

- i) proper action had been taken in relation to the writing off of bad debts and making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts have been written off and adequate allowance had been made for impairment losses on receivables, and
- ii) any current assets, which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of allowance for impairment losses on receivables in the Group and in the Company inadequate to any substantial extent, and
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial statements and the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any other item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Directors' Report for the financial year ended 31 December 2023

Cont'd

**Indemnity and insurance cost**

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

**Auditors**

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	<b>Group RM'000</b>	<b>Company RM'000</b>
Audit fees	935	75
Non-audit fees	20	20
	955	95

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Mac Chung Hui**

Klang, Selangor Darul Ehsan

Date: 12 April 2024

.....  
**Lee Poh Kwee**

# Statements of Financial Position

as at 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Assets</b>					
Property, plant and equipment	3	543,719	548,104	123	165
Intangible assets	4	-	6	-	-
Goodwill	5	75,283	75,283	-	-
Investment property	6	-	-	49,264	49,707
Investment in subsidiaries	7	-	-	179,497	179,497
Investment in associates	8	3,857	3,035	6,381	6,381
Deferred tax assets	10	28,753	25,337	2,686	1,634
Receivables, deposits and prepayments	9	6,885	5,033	14,062	19,185
Long-term funds	11	8,153	7,625	-	-
<b>Total non-current assets</b>		<b>666,650</b>	<b>664,423</b>	<b>252,013</b>	<b>256,569</b>
Receivables, deposits and prepayments	9	235,803	238,437	28,575	2,331
Contract assets	12	151,245	133,209	-	-
Inventories	13	229,836	206,089	-	-
Current tax assets		2,313	4,457	-	-
Derivative assets	21	499	426	-	-
Deposits, cash and bank balances	14	164,861	121,837	3,387	3,051
<b>Total current assets</b>		<b>784,557</b>	<b>704,455</b>	<b>31,962</b>	<b>5,382</b>
<b>Total assets</b>		<b>1,451,207</b>	<b>1,368,878</b>	<b>283,975</b>	<b>261,951</b>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## Statements of Financial Position as at 31 December 2023

Cont'd

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Equity</b>					
Share capital	15	195,072	194,988	195,072	194,988
Reserves	16	143,453	129,483	863	(2,156)
Retained earnings		426,265	385,054	86,195	67,522
<b>Total equity attributable to owners of the Company</b>		764,790	709,525	282,130	260,354
<b>Non-controlling interests</b>		22,859	23,342	-	-
<b>Total equity</b>		787,649	732,867	282,130	260,354
<b>Liabilities</b>					
Deferred tax liabilities	10	63,592	58,744	-	-
Loans and borrowings	17	7,509	9,609	-	-
Hire Purchase and lease liabilities	18	19,225	12,775	-	-
<b>Total non-current liabilities</b>		90,326	81,128	-	-
Contract liabilities	12	162,596	154,229	-	-
Loans and borrowings	17	60,509	105,433	-	-
Hire Purchase and lease liabilities	18	9,286	20,085	-	-
Payables and accruals	19	298,388	237,057	1,813	1,597
Provision for warranties	20	34,583	33,368	-	-
Current tax liabilities		7,870	4,711	32	-
<b>Total current liabilities</b>		573,232	554,883	1,845	1,597
<b>Total liabilities</b>		663,558	636,011	1,845	1,597
<b>Total equity and liabilities</b>		1,451,207	1,368,878	283,975	261,951

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Revenue</b>	22	765,161	594,773	35,942	91,464
Cost of sales		(544,851)	(437,062)	-	-
<b>Gross profit</b>		220,310	157,711	35,942	91,464
Other income		7,945	7,486	1,481	3,384
Distribution costs		(16,777)	(17,690)	-	-
Administrative expenses		(105,518)	(84,262)	(5,138)	(2,249)
<b>Results from operating activities</b>		105,960	63,245	32,285	92,599
Finance income	23	3,807	3,984	1,334	1,006
Finance costs	24	(9,335)	(6,753)	(2,342)	(885)
Net (loss)/reversal on impairment of financial assets and contract assets	25	(15,900)	(745)	(4,383)	5,642
<b>Operating profit</b>		84,532	59,731	26,894	98,362
Share of profit/(loss) in associates, net of tax		822	(163)	-	-
<b>Profit before tax</b>	26	85,354	59,568	26,894	98,362
Income tax (expense)/credit	28	(23,898)	(17,000)	1,122	(1,747)
<b>Profit for the year</b>		61,456	42,568	28,016	96,615

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



Statements of Profit or Loss and Other Comprehensive Income  
for the financial year ended 31 December 2023

*Cont'd*

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit for the year</b>		61,456	42,568	28,016	96,615
<b>Other comprehensive income for the financial year, net of tax</b>					
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Movement in revaluation of property, plant and equipment, net of tax		-	101,356	-	-
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		10,866	348	-	-
<b>Other comprehensive income for the financial year, net of tax</b>		10,866	101,704	-	-
<b>Total comprehensive income for the financial year</b>		72,322	144,272	28,016	96,615
<b>Profit attributable to:</b>					
Owners of the Company		50,554	38,691	28,016	96,615
Non-controlling interests		10,902	3,877	-	-
<b>Total comprehensive income for the financial year</b>		61,456	42,568	28,016	96,615
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		61,505	139,441	28,016	96,615
Non-controlling interests		10,817	4,831	-	-
<b>Total comprehensive income for the financial year</b>		72,322	144,272	28,016	96,615
<b>Earnings per ordinary share (sen)</b>					
- Basic	29	21.64	16.76		
- Diluted	29	21.33	16.55		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2023

Group	Attributable to owners of the Company										Total equity RM'000
	Non-distributable					Distributable					
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Share options reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000		
<b>At 1 January 2022</b>	162,983	(3,006)	8,720	22,181	7,837	561,962	760,677	33,594	794,271		
Profit after taxation for the financial year	-	-	-	-	-	38,691	38,691	3,877	42,568		
Other comprehensive income for the financial year:											
- Foreign currency translation differences for foreign operations	-	-	203	-	-	-	203	145	348		
- Movement in revaluation of property, plant and equipment, net of tax	-	-	-	100,547	-	-	100,547	809	101,356		
- Crystallisation of revaluation reserve	-	-	-	(12)	-	12	-	-	-		
Total comprehensive income	-	-	203	100,535	-	38,703	139,441	4,831	144,272		
Contribution by and distribution to owners of the Company:											
- Acquisition of subsidiaries	-	-	-	-	-	-	-	1,788	1,788		
- Disposal of a subsidiary	-	-	-	-	-	-	-	(142)	(142)		
- Expiry of SIS	-	-	-	-	(1,607)	1,607	-	-	-		
- Issue of ordinary shares	25,775	-	-	-	-	-	25,775	-	25,775		
- Share-based payment	-	-	-	-	850	-	850	-	850		
- Transfer of share capital for share options exercised	6,230	-	-	-	(6,230)	-	-	-	-		
- Dividend to shareholders	-	-	-	-	-	(217,218)	(217,218)	-	(217,218)		
- Dividend to non-controlling interest	-	-	-	-	-	-	-	(16,729)	(16,729)		
<b>At 31 December 2022</b>	194,988	(3,006)	8,923	122,716	850	385,054	709,525	23,342	732,867		

Note 15 Note 16.1 Note 16.2 Note 16.3 Note 16.4 Note 16.5

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## Consolidated Statement of Changes in Equity for the financial year ended 31 December 2023

Cont'd

Group	Attributable to owners of the Company									
	Non-distributable					Distributable				
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Share options reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	
<b>At 1 January 2023</b>	194,988	(3,006)	8,923	122,716	850	385,054	709,525	23,342	732,867	
Profit after taxation for the financial year	-	-	-	-	-	50,554	50,554	10,902	61,456	
Other comprehensive income for the financial year:										
- Foreign currency translation differences for foreign operations	-	-	10,951	-	-	-	10,951	(85)	10,866	
Total comprehensive income	-	-	10,951	-	-	50,554	61,505	10,817	72,322	
Contribution by and distribution to owners of the Company:										
- Issue of ordinary shares	60	-	-	-	-	-	60	-	60	
- Share-based payment	-	-	-	-	3,043	-	3,043	-	3,043	
- Transfer of share capital for share options exercised	24	-	-	-	(24)	-	-	-	-	
- Dividend to shareholders	-	-	-	-	-	(9,343)	(9,343)	-	(9,343)	
- Dividend to non-controlling interest	-	-	-	-	-	-	-	(11,300)	(11,300)	
<b>At 31 December 2023</b>	195,072	(3,006)	19,874	122,716	3,869	426,265	764,790	22,859	787,649	

Note 15 Note 16.1 Note 16.2 Note 16.3 Note 16.4 Note 16.5

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Statement of Changes in Equity

for the financial year ended 31 December 2023

Company	Note	Share capital RM'000	Treasury shares RM'000	Non-	Distributable	Total equity RM'000
				distributable	Share	
				Share	earnings	
				option	RM'000	
				reserve		
				RM'000		
<b>At 1 January 2022</b>		162,983	(3,006)	7,837	186,518	354,332
Profit for the financial year/ Total comprehensive income for the financial year		-	-	-	96,615	96,615
Contribution by and distribution to owners of the Company:						
- Expiry of SIS		-	-	(1,607)	1,607	-
- Issue of ordinary shares		25,775	-	-	-	25,775
- Share-based payment	30	-	-	850	-	850
- Transfer to share capital for share options exercised		6,230	-	(6,230)	-	-
- Dividend to shareholders	31	-	-	-	(217,218)	(217,218)
<b>At 31 December 2022</b>		194,988	(3,006)	850	67,522	260,354
Profit for the financial year/ Total comprehensive income for the financial year		-	-	-	28,016	28,016
Contribution by and distribution to owners of the Company:						
- Issue of ordinary shares		60	-	-	-	60
- Share-based payment	30	-	-	3,043	-	3,043
- Transfer to share capital for share options exercised		24	-	(24)	-	-
- Dividend to shareholders	31	-	-	-	(9,343)	(9,343)
<b>At 31 December 2023</b>		195,072	(3,006)	3,869	86,195	282,130
		Note 15	Note 16.1	Note 16.4	Note 16.5	

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Statements of Cash Flows

for the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		85,354	59,568	26,894	98,362
Adjustments for:					
Amortisation of intangible assets		6	6	-	-
Amortisation of right-of-use assets		7,637	7,536	-	-
Allowance for impairment losses		18,346	21,119	5,935	124
Allowance for slow moving inventories	13	1,717	4,184	-	-
Bad debts written off		3,568	22	-	-
Capital gain on short-term funds		(709)	(483)	(133)	(483)
Depreciation expenses:					
- investment property		-	-	443	443
- property, plant and equipment		33,547	29,254	42	41
Dividend income from subsidiaries		-	-	(34,834)	(90,339)
Finance costs	24	9,335	6,753	2,342	885
Finance income	23	(3,807)	(3,984)	(1,334)	(1,006)
Gain on disposal of property, plant and equipment		(123)	(456)	-	-
Loss/(gain) on disposal of a subsidiary		-	193	-	(1)
Net unrealised (gain)/loss on foreign exchange		(7,823)	5,610	(1,344)	(2,633)
Net fair value adjustment on derivative instruments		(73)	(649)	-	-
Property, plant and equipment written off		-	151	-	-
Provision for warranties		5,618	4,493	-	-
Provision of foreseeable losses		1,232	7,563	-	-
Reversal of impairment losses		(2,446)	(20,374)	(1,552)	(5,766)
Reversal of provision for warranties		(5,249)	(13,280)	-	-
Reversal of provision of foreseeable losses		(3,200)	(688)	-	-
Share-based payments		3,043	850	3,043	850
Share of (gain)/loss in associates, net of tax		(822)	163	-	-
Writedown of inventories	13	496	1,452	-	-
Operating profit/(loss) before changes in working capital		145,647	109,003	(498)	477
Inventories		(25,960)	(27,992)	-	-
Receivables, deposits and prepayments		(30,451)	(36,736)	8,703	166,423
Payables and accruals		61,872	13,891	720	(793)
Interest received		3,549	1,361	436	464
Interest paid		(6,402)	(4,150)	-	-
Warranties paid		(550)	(159)	-	-
Income tax (paid)/refunded		(17,776)	(16,431)	102	(393)
<b>Net cash generated from operating activities</b>		<b>129,929</b>	<b>38,787</b>	<b>9,463</b>	<b>166,178</b>

## Statements of Cash Flows for the financial year ended 31 December 2023

Cont'd

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows (for)/from investing activities</b>					
Acquisition of property, plant and equipment	14.2	(17,504)	(24,898)	-	(14)
Acquisition of subsidiary	36	-	(4,925)	-	(7,607)
Capital gain on short-term funds		709	483	133	483
Proceeds from disposal of investment in a subsidiary	37	-	(449)	-	140
Proceeds from disposal of property, plant and equipment		629	4,489	-	-
Increase in long term fund		(528)	(1,572)	-	-
<b>Net cash (used in)/generated from investing activities</b>		(16,694)	(26,872)	133	(6,998)
<b>Cash flows for financing activities</b>					
Dividend paid to shareholders of the Company	31	(9,343)	(217,218)	(9,343)	(217,218)
Dividend paid to non-controlling interest		(3,474)	(16,729)	-	-
Net (repayment)/drawdown of loans and borrowings		(36,389)	33,442	-	-
Proceeds from issuance of new shares	15	60	25,775	60	25,775
<b>Net cash used in financing activities</b>		(49,146)	(174,730)	(9,283)	(191,443)
<b>Exchange differences on translation of the financial statements of foreign operations</b>					
		1,475	1,572	-	-
Net increase/(decrease) in cash and cash equivalents		65,564	(161,243)	313	(32,263)
<b>Effect of exchange rate fluctuations on cash held</b>		177	2,339	23	1,234
<b>Cash and cash equivalents at beginning of the financial year</b>		99,120	258,024	3,051	34,080
<b>Cash and cash equivalents at end of the financial year</b>	14	164,861	99,120	3,387	3,051

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## Statements of Cash Flows for the financial year ended 31 December 2023

Cont'd

**(i) Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits placed with licensed banks	14	41,842	24,453	-	-
Short-term funds	14	21,973	19,080	586	2,073
Cash and bank balances	14	101,046	78,304	2,801	978
Deposits, cash and bank balances		164,861	121,837	3,387	3,051
Less:					
Bank overdrafts	17	-	(22,717)	-	-
Cash and cash equivalents		164,861	99,120	3,387	3,051

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Notes to the financial statements

Favelle Favco Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is Lot 586, 2nd Mile, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 December 2023 do not include other entities.

The Company is principally engaged in the business of investment holding, whilst the principal activities of the subsidiaries and associates are set out in Notes 7 and 8 respectively to the financial statements. There have been no significant changes in nature of these activities during the financial year.

The holding company during the financial year is Muhibbah Engineering (M) Bhd, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors on 12 April 2024.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

During the current financial year, the Group and the Company have adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

#### **MFRSs and/or IC Interpretations (Including the Consequential Amendments)**

Amendments to MFRS 17 Insurance Contracts  
 Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information  
 Amendments to MFRS 101: Disclosure of Accounting Policies  
 Amendments to MFRS 108: Definition of Accounting Estimates  
 Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction  
 Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's and the Company's financial statements.

The Group and the Company have not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred



## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and the Company upon their initial application.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

### (c) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of primary economic environment in which the entity operates, which is the functional currency.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2 (c) - financial instruments
- Note 2 (d) - property, plant and equipment
- Note 2 (e) - leases
- Note 2 (g) - investment property
- Note 2 (h) - inventories
- Note 2 (i) - contract asset/contract liability
- Note 2 (k) - impairment
- Note 2 (o) - provisions - warranties
- Note 2 (q) - revenue from contract with customers
- Note 2 (t) - income tax
- Note 2 (w) - purchase price allocation

## Notes to the financial statements

Cont'd

### 2. Material accounting policy information

The accounting policy information set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

##### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- (a) the fair value of the consideration transferred; plus
- (b) the recognised amount of any non-controlling interests in the acquiree; plus
- (c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (d) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expenses as incurred.

## 2. Material accounting policy information (continued)

### (a) Basis of consolidation (continued)

#### (iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of the influence retained.

#### (v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

## Notes to the financial statements

Cont'd

### 2. Material accounting policy information (continued)

#### (a) Basis of consolidation (continued)

##### (vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transaction with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available for sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

## 2. Material accounting policy information (continued)

### (b) Foreign currency (continued)

#### (ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations in functional currencies other than RM are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### (c) Financial instruments

#### (i) *Recognition and initial measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### (ii) *Financial instrument categories and subsequent measurement*

**The Group and the company categories financial instruments as follow:**

##### ***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

## Notes to the financial statements

Cont'd

### 2. Material accounting policy information (continued)

#### (c) Financial instruments (continued)

##### (ii) Financial instrument categories and subsequent measurement (continued)

###### **Financial assets (continued)**

###### (a) **Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

###### (b) **Fair value through other comprehensive income**

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

###### (c) **Fair value through profit or loss**

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

###### **Financial liabilities**

The categories of financial liabilities at initial recognition are as follows:

###### (a) **Fair value through profit or loss**

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

## 2. Material accounting policy information (continued)

### (c) Financial instruments (continued)

#### (ii) Financial instrument categories and subsequent measurement (continued)

##### *Financial liabilities (continued)*

##### (b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

#### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group and the Company adopted the policy to revalue their freehold land and leasehold land every 5 years or at shorter intervals whenever the fair values of the freehold land and leasehold land are expected to differ materially from their carrying values.

Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

## Notes to the financial statements

Cont'd

### 2. Material accounting policy information (continued)

#### (d) Property, plant and equipment (continued)

##### (i) Recognition and measurement (continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives are as follows:

• land	Over the lease period of 60 years
• buildings	10 - 50 years
• cranes	10 - 15 years
• plant, equipment and motor vehicles	3 - 13 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.



## 2. Material accounting policy information (continued)

### (e) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

### (f) Intangible assets

#### (i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Goodwill with indefinite useful lives are not amortised but are tested for impairment at the end of each reporting period and whenever there is an indication that goodwill may be impaired.

#### (ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

## Notes to the financial statements

Cont'd

### 2. Material accounting policy information (continued)

#### (f) Intangible assets (continued)

##### (ii) Research and development (continued)

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

##### (iii) Intellectual property

Intellectual property consists of rights to trade name, knowhow and industrial property rights and is stated at cost less any accumulated amortisation and any impairment losses.

##### (iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

##### (v) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired. Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible asset is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets of 5 to 10 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period, and adjusted if appropriate.

#### (g) Investment property

##### *Investment properties carried at cost*

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose.

Investment properties which are owned are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d). Cost includes expenditure that is directly attributable to the acquisition of the investment property.

The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Transfers between investment property and property, plant and equipment do not change the carrying amount and the cost of the property transferred.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

## 2. Material accounting policy information (continued)

### (h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work in progress, manufactured inventories and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of crane components comprises the original purchase price plus incidentals in bringing these inventories to their present location and condition. Cost of work-in-progress and assembled cranes consists of crane components, direct labour and an appropriate proportion of fixed and variable production overheads. Crane components are determined on a first-in, first-out basis. Cost of work-in-progress and assembled cranes is determined on a specific identification basis.

Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (i) Contract asset/liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three (3) months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### (k) Impairment

#### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

## Notes to the financial statements

Cont'd

### 2. Material accounting policy information (continued)

#### (k) Impairment (continued)

##### (i) Financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

##### (ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

## 2. Material accounting policy information (continued)

### (k) Impairment (continued)

#### (ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

### (l) Equity instruments

Equity instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

#### (ii) Ordinary shares

Ordinary shares are classified as equity and recorded the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (iii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury share is applied in the reduction of the share distributable reserves.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

## Notes to the financial statements

Cont'd

### 2. Material accounting policy information (continued)

#### (m) Loans and borrowings

Loans and borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and redemption value is recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

#### (n) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to Employees Provident Fund are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

##### (ii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

#### (o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### **Warranties**

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

## 2. Material accounting policy information (continued)

### (p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

### (q) Revenue

#### Revenue from contract with customers

Revenue from contract with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contract customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

#### (a) Sale of spare parts for crane and industrial information technology equipment

Revenue from sale of these products is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### (b) Rendering of crane and crane maintenance services

Revenue from providing crane maintenance services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

## Notes to the financial statements

Cont'd

### 2. Material accounting policy information (continued)

#### (q) Revenue (continued)

##### Revenue from contract with customers (continued)

##### (c) Construction of crane

Contracts for construction of crane comprise multiple deliverables which include a significant integration service and are therefore recognised as a single performance obligation. Revenue from construction crane is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

##### Other revenue

##### (d) Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

#### (r) Other operating income

##### Interest Income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing cost.

#### (s) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.



## 2. Material accounting policy information (continued)

### (t) Income tax

#### (i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

#### (ii) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

### (u) Earnings per ordinary shares

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

## Notes to the financial statements

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### 2. Material accounting policy information (continued)

#### (v) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment result are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

#### (w) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impact the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests.

#### (x) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principle market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The Group recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

## Notes to the financial statements

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## 3. Property, plant and equipment

Group	Land RM'000	Buildings RM'000	Cranes RM'000	Plant, equipment and motor vehicles RM'000	Capital Work-in- progress RM'000	Sub-total RM'000	Right-of- use assets RM'000	Total RM'000
<b>Cost/Valuation</b>								
At 1 January 2022	87,732	61,527	322,970	128,084	67	600,380	85,109	685,489
Additions	-	504	21,003	2,203	1,188	24,898	12,388	37,286
Acquisition of new subsidiaries	-	-	-	584	-	584	575	1,159
Disposals	-	(147)	(8,271)	(1,514)	-	(9,932)	-	(9,932)
Reclassification	-	-	-	395	-	395	(395)	-
Revaluation	142,383	-	-	-	-	142,383	-	142,383
Transfer	-	-	567	3	(600)	(30)	-	(30)
Modification of lease liability	-	-	-	-	-	-	(2,702)	(2,702)
Written off	-	-	-	(1,861)	-	(1,861)	-	(1,861)
Effect of movements in exchange rates	(64)	(99)	(1,010)	212	-	(961)	(44)	(1,005)
At 31 December 2022/ 1 January 2023	230,051	61,785	335,259	128,106	655	755,856	94,931	850,787
Additions	-	-	11,078	5,729	697	17,504	5,017	22,521
Disposals	-	-	(1,655)	(850)	-	(2,505)	-	(2,505)
Reclassification	-	-	-	297	-	297	(297)	-
Transfer	-	-	651	4	(655)	-	-	-
Written off	-	-	-	(702)	-	(702)	-	(702)
Effect of movements in exchange rates	1,018	1,394	15,285	2,040	-	19,737	5,368	25,105
At 31 December 2023	231,069	63,179	360,618	134,624	697	790,187	105,019	895,206
<b>Representing items at:</b>								
Cost	65,851	63,179	360,618	134,624	697	624,969	105,019	729,988
Valuation – 2008	12,291	-	-	-	-	12,291	-	12,291
Valuation – 2012	3,700	-	-	-	-	3,700	-	3,700
Valuation – 2017	6,844	-	-	-	-	6,844	-	6,844
Valuation – 2022	142,383	-	-	-	-	142,383	-	142,383
	231,069	63,179	360,618	134,624	697	790,187	105,019	895,206

## Notes to the financial statements

Cont'd

## 3. Property, plant and equipment (continued)

Group	Land RM'000	Buildings RM'000	Cranes RM'000	Plant, equipment and motor vehicles RM'000	Capital Work-in- progress RM'000	Sub-total RM'000	Right-of- use assets RM'000	Total RM'000
<b>Accumulated depreciation and impairment loss</b>								
At 1 January 2022	-	26,521	115,892	104,915	-	247,328	27,490	274,818
Depreciation for the year	-	1,208	22,128	5,918	-	29,254	7,536	36,790
Disposals	-	(26)	(4,455)	(1,418)	-	(5,899)	-	(5,899)
Transfer	-	-	(10)	-	-	(10)	-	(10)
Modification of lease liability	-	-	-	-	-	-	(1,998)	(1,998)
Reclassification	-	-	(17)	395	-	378	(378)	-
Written off	-	-	-	(1,710)	-	(1,710)	-	(1,710)
Effect of movements in exchange rates	-	(81)	(119)	223	-	23	159	182
Acquisition of new subsidiary	-	-	-	377	-	377	133	510
At 31 December 2022/ 1 January 2023	-	27,622	133,419	108,700	-	269,741	32,942	302,683
Depreciation for the year	-	1,210	26,503	5,834	-	33,547	7,637	41,184
Disposals	-	-	(1,149)	(850)	-	(1,999)	-	(1,999)
Reclassification	-	-	(390)	326	-	(64)	64	-
Written off	-	-	-	(702)	-	(702)	-	(702)
Effect of movements in exchange rates	-	1,121	5,798	1,792	-	8,711	1,610	10,321
At 31 December 2023	-	29,953	164,181	115,100	-	309,234	42,253	351,487
<b>Carrying amounts</b>								
<b>At 1 January 2022</b>	<b>87,732</b>	<b>35,006</b>	<b>207,078</b>	<b>23,169</b>	<b>67</b>	<b>353,052</b>	<b>57,619</b>	<b>410,671</b>
<b>At 31 December 2022/ 1 January 2023</b>	<b>230,051</b>	<b>34,163</b>	<b>201,840</b>	<b>19,406</b>	<b>655</b>	<b>486,115</b>	<b>61,989</b>	<b>548,104</b>
<b>At 31 December 2023</b>	<b>231,069</b>	<b>33,226</b>	<b>196,437</b>	<b>19,524</b>	<b>697</b>	<b>480,953</b>	<b>62,766</b>	<b>543,719</b>

## Notes to the financial statements

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**3. Property, plant and equipment (continued)**

<b>Company</b>	<b>Property, plant and equipment RM'000</b>
<b>Cost/Valuation</b>	
At 1 January 2022	403
Additions	14
At 31 December 2022/1 January 2023	417
Additions	-
At 31 December 2023	417
<b>Accumulated depreciation</b>	
At 1 January 2022	211
Depreciation for the year	41
At 31 December 2022/1 January 2023	252
Depreciation for the year	42
At 31 December 2023	294
<b>Carrying amounts</b>	
At 31 December 2022	165
At 31 December 2023	123

**3.1 Security**

The freehold land and buildings of the Group with total net book value of RM34,585,000 (2022 - RM34,536,000) have been charged to certain licensed banks as security for bank facilities granted to the Group (See Note 17).

**3.2 Property, plant and equipment under the revaluation model**

The Group's freehold land were revalued by independent professional qualified valuers using an open market value method in financial years ended 2023, 2017, 2012 and 2008. The surpluses arising from the revaluations have been credited to other comprehensive income and accumulated in equity under the revaluation reserve. Had the freehold land been carried under the cost model, their carrying amounts would have been RM66,956,000 (2022 - RM64,833,000).

## Notes to the financial statements

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**3. Property, plant and equipment (continued)****Land**

Included in the carrying amounts of land are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Freehold land	231,069	230,051	44,255	44,255
Long term leasehold land*	219	224	-	-
	<b>231,288</b>	<b>230,275</b>	<b>44,255</b>	<b>44,255</b>

\* Leasehold land are in respect of right-of-use assets of which the Group has land titles.

**Right-of-use assets**

Included in the carrying amounts of the right-of-use assets are:

Group	Land and Buildings RM'000	Cranes RM'000	Plant, equipment and motor vehicles RM'000	Total RM'000
<b>2023</b>				
At 1 January 2023	11,623	50,366	-	61,989
Addition during the year	878	4,139	-	5,017
Depreciation	(2,978)	(4,659)	-	(7,637)
Reclassification	-	(361)	-	(361)
Exchange difference	98	3,660	-	3,758
At 31 December 2023	<b>9,621</b>	<b>53,145</b>	<b>-</b>	<b>62,766</b>
<b>2022</b>				
At 1 January 2022	7,568	50,026	25	57,619
Addition during the year	7,189	5,199	-	12,388
Acquisition of subsidiary	442	-	-	442
Depreciation	(2,999)	(4,512)	(25)	(7,536)
Modification of lease liability	(704)	-	-	(704)
Reclassification	-	(17)	-	(17)
Exchange difference	127	(330)	-	(203)
At 31 December 2022	<b>11,623</b>	<b>50,366</b>	<b>-</b>	<b>61,989</b>

## Notes to the financial statements

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## 4. Intangible assets

Group	Development costs RM'000
<b>Cost</b>	
At 1 January 2022	667
Effect of movement in exchange rates	(4)
At 31 December 2022/1 January 2023	663
Effect of movement in exchange rates	50
At 31 December 2023	713
<b>Amortisation and impairment loss</b>	
At 1 January 2022	357
Accumulated amortisation	299
At 1 January 2022	656
Amortisation for the year	6
Effect of movements in exchange rates	(5)
At 31 December 2022/1 January 2023	358
Accumulated amortisation	299
At 31 December 2022/1 January 2023	657
Amortisation for the year	6
Effect of movements in exchange rates	50
At 31 December 2023	414
Accumulated amortisation	299
At 31 December 2023	713
<b>Carrying amounts</b>	
At 31 December 2022	6
At 31 December 2023	-

Intangible assets mainly comprise development and software costs which were internally generated expenditure by subsidiaries on new or substantially improved major crane projects. It is reasonably anticipated that the cost will be recovered through future commercial activity.

## Notes to the financial statements

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## 5. Goodwill

	Group	
	2023 RM'000	2022 RM'000
<b>Cost/ Carrying amounts</b>		
At 1 January	75,283	71,183
Acquisition of a subsidiary (Note 36)	-	4,100
At 31 December	75,283	75,283
<b>Carrying amounts</b>		
At 31 December	75,283	75,283

The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:

Group	Average Gross Margin		Average Growth Rate		Discount Rate		Terminal Growth Rate	
	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Intelligent automation group	28 - 30	24 - 29	4 - 6	5 - 7	9	10	-	-

The key assumptions represent management's assessment based on past operating results and management's expectations of market conditions and assessment of future trends derived from both external and internal sources.

Management has determined the average gross profit margin and weighted average growth rate based on past performance and its expectation of market development. The discount rate used are computed based on the weighted average cost of capital of the industries that the Group operates in.

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.



## Notes to the financial statements

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**6. Investment property**

	Company	
	2023 RM'000	2022 RM'000
<b>Cost</b>		
At 1 January/ 31 December	53,819	53,819
<b>Accumulated Depreciation and impairment loss</b>		
At 1 January	4,112	3,669
Depreciation	443	443
At 31 December	4,555	4,112
<b>Carrying amounts</b>		
At 31 December	49,264	49,707

The investment property is a crane fabrication yard comprising freehold industrial land, building and improvements, located at No. 28, Yarrunga Street, Prestons, New South Wales, 2170 Australia, and is leased to its subsidiary.

**7. Investments in subsidiaries**

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares – at cost	242,891	235,525
Addition	-	7,607
Less: Disposal	-	(141)
Less: Written off	-	(100)
	242,891	242,891
Less: Impairment loss	(63,394)	(63,394)
	179,497	179,497

The movements in the allowance for impairment losses of investments in subsidiaries during the financial year were:

	Company	
	2023 RM'000	2022 RM'000
<b>Allowance for impairment losses:-</b>		
At 1 January	63,394	63,494
Written off	-	(100)
At 31 December	63,394	63,394

## Notes to the financial statements

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## 7. Investments in subsidiaries (continued)

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are as follows:

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2023 %	2022 %
Favelle Favco Cranes (M) Sdn. Bhd.	Designing, manufacturing, supply, servicing, trading and renting of cranes	Malaysia	100	100
Favelle Favco Cranes Pte. Ltd. #	Supplying, servicing, trading and renting of cranes and sales of spare parts and services	Singapore	100	100
Favelle Favco Cranes (USA), Inc. #	Designing, manufacturing, supplying, servicing, trading and renting of cranes	United States of America	100	100
Favelle Favco Cranes Pty. Limited # and its subsidiaries	Design, manufacture, supply, renting and servicing of industrial cranes	Australia	100	100
FF Management Pty. Limited #	Management services	Australia	100	100
Milperra Blasting and Coating Pty. Limited #	Dormant	Australia	100	100
Kroll Cranes A/S #	Designing, manufacturing, servicing, trading and renting of cranes	Denmark	100	100
FES Equipment Services Sdn. Bhd.	Supply of spare parts for cranes, provision of crane maintenance services and renting of cranes	Malaysia	100	100
Favelle Favco Winches Pte. Ltd. #	Design, fabrication, trading, service and rental of winches, hydraulic system and material handling equipment	Singapore	100	100
Shanghai Favco Engineering Machinery Manufacturing Co., Ltd. #	Manufacturing of cranes	China	80	80
Exact Automation Sdn. Bhd.	Providing integrated industrial automation solutions on the design, engineering, testing, project management and maintenance of plant instrumentation	Malaysia	70	70

## Notes to the financial statements

Cont'd

**7. Investments in subsidiaries (continued)**

The details of the subsidiaries are as follows: (continued)

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2023 %	2022 %
Exact Analytical Sdn. Bhd.	Trading, providing engineering services on the installation, commissioning and maintenance of environmental and process analysers	Malaysia	70	70
Sedia Teguh Sdn. Bhd.	Trading and maintenance of specialised equipment used in the oil and gas industry	Malaysia	70	70
Strata Niaga Sdn. Bhd.	Trading and providing engineering services in the oil & gas and power industry	Malaysia	70	70
Strata Niaga (B) Sdn. Bhd. #^	Trading and providing engineering services in the oil & gas and power industry	Brunei	36	36

# Not audited by Crowe Malaysia PLT

^ The subsidiary's interest is held under Strata Niaga Sdn. Bhd.

Summarised financial information of non-controlling interests have not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

**8. Investments in associates**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost	19,424	19,424	19,424	19,424
Share of post-acquisition reserves	(14,460)	(15,282)	-	-
Less: Impairment loss	(1,107)	(1,107)	(13,043)	(13,043)
	3,857	3,035	6,381	6,381

## Notes to the financial statements

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**8. Investments in associates (continued)**

The details of the associates are as follows:

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2023 %	2022 %
Favco Offshores Sdn. Bhd.	Manufacture, supply, servicing and renting of cranes	Malaysia	30	30
Favelle Favco Machinery and Equipment L.L.C	Trading and rental of construction equipment	United Arab Emirates	49	49
Favco Heavy Industry (Changshu) Co., Ltd.	Supply, renting and servicing of lifting equipment and spare parts	China	50	50

**Summarised financial information of major associates:**

The major associates of the Group, adjusted for any differences in accounting policies and the carrying amounts in the consolidated financial statements, are disclosed below:

	Group	
	2023 RM'000	2022 RM'000
<b>Gross amount of the major associates</b>		
Non-current assets	63,116	71,216
Current assets	38,801	33,937
Non-current liabilities	13,870	16,846
Current liabilities	81,010	77,951
Revenue	58,062	28,154
Loss for the year	(3,727)	(5,098)
<b>Carrying amount in the consolidated financial statements</b>	<b>3,857</b>	<b>3,035</b>

**9. Receivables, deposits and prepayments**

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Advance to subsidiaries	9.1	-	-	18,367	18,732
Less: Allowance for impairment loss		-	-	(11,190)	(4,580)
Advance to an associate	9.2	6,885	6,585	6,885	6,585
Less: Allowance for impairment loss		-	(1,552)	-	(1,552)
		<b>6,885</b>	<b>5,033</b>	<b>14,062</b>	<b>19,185</b>

## Notes to the financial statements

Cont'd

## 9. Receivables, deposits and prepayments (continued)

	Note	Group		Company		
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	
<b>Current</b>						
<b>Trade</b>						
Trade receivables		201,924	196,899	-	-	
Less: Allowance for impairment loss		(57,941)	(42,698)	-	-	
	9.3	143,983	154,201	-	-	
Amount due from holding company	9.4	78	120	-	-	
Amount due from related companies	9.5	4,950	873	-	-	
Less: Allowance for impairment loss		(1,931)	-	-	-	
Amount due from associates	9.6	69,404	62,275	-	-	
Less: Allowance for impairment loss		(17,325)	(16,932)	-	-	
		55,176	46,336	-	-	
<b>Non-trade</b>						
Amount due from subsidiaries	9.7	-	-	28,437	2,773	
Less: Allowance for impairment loss		-	-	-	(675)	
		-	-	28,437	2,098	
Amount due from related companies	9.5	138	36	-	-	
Less: Allowance for impairment loss		(98)	-	-	-	
Amount due from associates	9.6	69	101	-	-	
Other receivables		18,547	28,519	60	162	
Less: Allowance for impairment loss		(279)	(178)	-	-	
		18,377	28,478	60	162	
Deposits		1,759	1,442	11	11	
Prepayments		16,508	7,980	67	60	
		18,267	9,422	78	71	
<b>Current</b>		235,803	238,437	28,575	2,331	
<b>Non-current and current</b>		242,688	243,470	42,637	21,516	
		<b>Trade receivable</b>	<b>Amount due from related companies</b>	<b>Other receivable</b>	<b>Amount due from associate</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>						
Allowance for impairment losses:-						
At 1 January 2023	42,698	-	178	18,484	61,360	
Addition during the financial year	15,161	2,029	121	812	18,123	
Reversal during the financial year	(121)	-	(20)	(2,268)	(2,409)	
Foreign exchange differences	203	-	-	297	500	
At 31 December 2023	57,941	2,029	279	17,325	77,574	

## Notes to the financial statements

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## 9. Receivables, deposits and prepayments (continued)

	Trade receivable RM'000	Amount due from related companies RM'000	Other receivable RM'000	Amount due from associate RM'000	Total RM'000
<b>Group</b>					
Allowance for impairment losses:-					
At 1 January 2022	42,426	74	170	18,420	61,090
Addition during the financial year	6,214	-	19	14,749	20,982
Reversal during the financial year	(6,078)	(74)	-	(14,187)	(20,339)
Foreign exchange differences	136	-	(11)	(498)	(373)
At 31 December 2022	42,698	-	178	18,484	61,360

	Amount due from associate RM'000	Amount due from subsidiaries RM'000	Total RM'000
<b>Company</b>			
Allowance for impairment losses:-			
At 1 January 2023	1,552	5,255	6,807
Addition during the financial year	-	5,935	5,935
Reversal during the financial year	(1,552)	-	(1,552)
At 31 December 2023	-	11,190	11,190

	Amount due from associate RM'000	Amount due from subsidiaries RM'000	Total RM'000
<b>Company</b>			
Allowance for impairment losses:-			
At 1 January 2022	1,428	11,021	12,449
Addition during the financial year	124	-	124
Reversal during the financial year	-	(5,766)	(5,766)
At 31 December 2022	1,552	5,255	6,807

**9.1 Advance to a subsidiary**

The advance to a subsidiary is non-trade in nature, unsecured, subject to interest ranging from 1% - 2% (2022 - 1% - 2%) per annum and is not expected to be repaid within the next twelve months.

**9.2 Advance to an associate**

The advance to an associate is non-trade in nature, unsecured, subject to interest at 1% (2022 - 1%) per annum and is not expected to be repaid within the next twelve months.

## 9. Receivables, deposits and prepayments (continued)

### 9.3 Analysis of foreign currency exposure for significant receivables

Significant trade receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	Group	
		2023 RM'000	2022 RM'000
RM	AUD	752	543
RM	EUR	2	498
RM	RMB	11,088	15,066
RM	SGD	233	85
RM	USD	75,146	69,421
AUD	USD	125	531

### 9.4 Amount due from holding company

The trade amount due from holding company is subject to the normal trade term of 30 (2022 - 30) days.

### 9.5 Amount due from related companies

The trade amount due from related companies is subject to the normal trade term of 30 (2022 - 30) days.

The non-trade amount due from related companies is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 9.6 Amount due from associates

The trade amount due from associates is subject to the normal trade term of 30 (2022 - 30) days.

The non-trade amount due from associates is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 9.7 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

## 10. Deferred tax (assets) and liabilities

### Recognised deferred tax (assets) and liabilities

Deferred tax (assets) and liabilities are attributable to the following:-

Group	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment	-	8,506	74,284	67,237	74,284	75,743
Provisions	(34,573)	(30,434)	-	(2,102)	(34,573)	(32,536)
Other temporary differences	(9,800)	(3,409)	4,928	(6,391)	(4,872)	(9,800)
Tax (assets)/liabilities	(44,373)	(25,337)	79,212	58,744	34,839	33,407
Set off	15,620	-	(15,620)	-	-	-
Net tax (assets)/liabilities	(28,753)	(25,337)	63,592	58,744	34,839	33,407

## Notes to the financial statements

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**10. Deferred tax (assets) and liabilities (continued)**

Deferred tax (assets) and liabilities are attributable to the following: (continued)

<b>Company</b>	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Provisions	(2,686)	(1,634)
Deferred tax assets	(2,686)	(1,634)

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items:-

	<b>Group</b>		<b>Company</b>	
	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Property, plant and equipment	395	508	-	-
Provisions	(40,326)	(39,929)	-	-
Other temporary differences	(556)	(1,198)	-	-
Tax losses carry-forwards	(36,024)	(34,814)	-	-
	(76,511)	(75,433)	-	-

Deferred tax assets have not been recognised in respect of these items because they are uncertain that future taxable profits will be available against which the Group can utilise the benefits there from.

**Movement in temporary differences during the financial year**

<b>Group</b>	<b>Property, plant and equipment</b> <b>RM'000</b>	<b>Provisions</b> <b>RM'000</b>	<b>Other temporary differences</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
As at 1 January 2022	32,586	(27,643)	(10,359)	(5,416)
Recognised in profit or loss (Note 28)	2,053	(4,893)	559	(2,281)
Effect of revaluation of property, plant and equipment	41,027	-	-	41,027
Foreign exchange differences	77	-	-	77
As at 31 December 2022/ 1 January 2023	75,743	(32,536)	(9,800)	33,407
Recognised in profit or loss (Note 28)	(2,072)	(2,037)	4,928	819
Foreign exchange differences	613	-	-	613
As at 31 December 2023	74,284	(34,573)	(4,872)	34,839

<b>Company</b>	<b>Provisions</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
As at 1 January 2022	(2,988)	(2,988)
Recognised in profit or loss	1,354	1,354
As at 31 December 2022/1 January 2023	(1,634)	(1,634)
Recognised in profit or loss	(1,052)	(1,052)
As at 31 December 2023	(2,686)	(2,686)



## Notes to the financial statements

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**11. Long-term funds**

Investments at fair value through profit or loss:-

	2023 RM'000	Group 2022 RM'000
<b>Non-current</b>		
Unquoted bonds, at fair value	8,153	7,625

**12. Contract Assets/(Liabilities)**

	2023 RM'000	Group 2022 RM'000
<b>Contract Assets</b>		
Contract Assets relating to contracts	152,557	134,315
Allowance for impairment losses	(1,312)	(1,106)
	151,245	133,209
Allowance for impairment losses:-		
At 1 January:	1,106	1,000
Addition during the financial year	223	137
Reversal during the financial year	(37)	(35)
Foreign exchange differences	20	4
At 31 December	1,312	1,106
Contract Liabilities	(162,596)	(154,229)

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within a year (2022 - a year).

(b) The significant changes to contract assets and contract liabilities during the financial year:-

	2023 RM'000	Group 2022 RM'000
At 1 January	(21,020)	(18,972)
Revenue recognised in profit or loss during the financial year	417,302	281,353
Progress billings	(409,257)	(284,915)
Impairment loss on contract assets	(223)	(137)
Reversal of impairment loss on contract assets	37	35
Exchange difference	1,810	1,616
At 31 December	(11,351)	(21,020)
Represented by:		
Contract assets	151,245	133,209
Contract liabilities	(162,596)	(154,229)
	(11,351)	(21,020)

## Notes to the financial statements

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## 13. Inventories

	Group	
	2023 RM'000	2022 RM'000
At cost:		
Crane	298	285
Crane components	111,507	91,354
Work-in-progress	68,397	62,496
	180,202	154,135
At net realisable value:		
Cranes	27,395	21,855
Crane components	21,466	22,679
Work-in-progress	773	7,420
	229,836	206,089
Recognised in profit or loss:-		
Inventories recognised as cost of sales	420,458	199,040
Amount written down to net realisable value	496	1,452
Allowance for slow moving inventories	1,717	4,184

## 14. Cash flow information:-

14.1 The deposits, cash and bank balances comprised the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term funds	21,973	19,080	586	2,073
Deposits placed with licensed banks	41,842	24,453	-	-
Cash and bank balances	101,046	78,304	2,801	978
	164,861	121,837	3,387	3,051
Less:				
Bank overdrafts (Note 17)	-	(22,717)	-	-
Cash & cash equivalent	164,861	99,120	3,387	3,051

- (a) Short-term funds represent investments in highly liquid money market, which are readily convertible to known amounts of cash. The effective interest rates range from 0.09% to 5.20% (2022 - 1.14% to 3.42%) and 1.30% to 5.20% (2022 - 1.25% to 3.42%) per annum for the Group and the Company respectively.
- (b) The deposits placed with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.60% to 3.15% (2022 - 1.85% to 3.85%) per annum.

## Notes to the financial statements

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**14. Cash flow information (continued)**

14.2 The cash disbursed for the purchase of property, plant and equipment is as follows:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost of property, plant and equipment purchased (Note 3)	22,521	37,286	-	14
Amount financed through hire purchase	(4,139)	(5,199)	-	-
New lease acquired	(878)	(7,189)	-	-
Cash disbursed for purchase of property, plant and equipment	17,504	24,898	-	14

14.3 The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Unsecured Insurance		Hire Purchase	Lease Liabilities	Term Loan	Revolving Credit	Total
	Bills Payable	Premium Finance					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2023</b>							
At 1 January	45,211	3,384	26,375	6,485	24,230	19,500	125,185
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	59,551	-	-	-	7,202	4,500	71,253
Repayment of borrowing principal	(73,083)	(3,551)	(8,764)	(2,742)	(15,502)	(4,000)	(107,642)
Interest paid	(1,383)	(21)	(2,042)	(182)	(1,908)	(861)	(6,397)
	(14,915)	(3,572)	(10,806)	(2,924)	(10,208)	(361)	(42,786)
<u>Non-cash Changes</u>							
Foreign exchange adjustments	-	167	2,145	(5)	409	-	2,716
Acquisition of new leases	-	-	4,139	878	-	-	5,017
Interest expense	1,383	21	2,042	182	1,908	861	6,397
	1,383	188	8,326	1,055	2,317	861	14,130
At 31 December	31,679	-	23,895	4,616	16,339	20,000	96,529

## Notes to the financial statements

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## 14. Cash flow information (continued)

14.3 The reconciliations of liabilities arising from financing activities are as follows:- (continued)

The Group	Unsecured Insurance						Total RM'000
	Bills Payable RM'000	Premium Finance RM'000	Hire Purchase RM'000	Lease Liabilities RM'000	Term Loan RM'000	Revolving Credit RM'000	
<b>2022</b>							
At 1 January	13,860	2,987	35,525	2,839	25,473	-	80,684
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	102,550	4,160	-	-	10,926	19,500	137,136
Repayment of borrowing principal	(71,199)	(3,722)	(14,167)	(2,843)	(11,763)	-	(103,694)
Interest paid	(1,257)	(12)	(1,016)	(115)	(600)	(258)	(3,258)
	30,094	426	(15,183)	(2,958)	(1,437)	19,242	30,184
<u>Non-cash Changes</u>							
Foreign exchange adjustments	-	(41)	(182)	4	(406)	-	(625)
Acquisition of new leases	-	-	5,199	7,189	-	-	12,388
Modification of lease liability	-	-	-	(704)	-	-	(704)
Interest expense	1,257	12	1,016	115	600	258	3,258
	1,257	(29)	6,033	6,604	194	258	14,317
At 31 December	45,211	3,384	26,375	6,485	24,230	19,500	125,185

The total cash outflows for hire purchase and leases as a lessee are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest paid on lease liabilities	2,224	1,131	-	-
Payment of lease liabilities	11,506	17,010	-	-
	13,730	18,141	-	-

## Notes to the financial statements

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**15. Share capital**

	Group and Company		Amount	
	2023 Number of shares '000	2022 Number of shares '000	2023 RM'000	2022 RM'000
<b>Issued and fully paid ordinary shares:</b>				
At 1 January	234,913	223,945	194,988	162,983
Issue of ordinary shares	42	10,968	60	25,775
Transfer from share options	-	-	24	6,230
At 31 December	234,955	234,913	195,072	194,988

- (i) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (ii) In the current financial year, 42,000 (2022 - 10,968,000) new ordinary shares were issued for cash pursuant to the employees' share issuance scheme ("SIS") of the Company. The details of options granted under the Company's share options are disclosed in Note 30.

**16. Reserves****16.1 Treasury shares**

This amount represents the acquisition cost for the purchase of the Company's own ordinary shares, net of the proceeds received from their subsequent sale or issuance of the shares repurchased.

None of the treasury shares held was sold or cancelled during the financial year ended 31 December 2023.

**16.2 Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**16.3 Revaluation reserve**

The revaluation reserve relates to the revaluation of freehold land. Deferred tax liabilities arising upon revaluation of freehold land are recognised directly in equity.

**16.4 Share option reserve**

The share option reserve of the Group and of the Company comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

**16.5 Retained earnings**

Under the single tier tax system, tax on the Company's profit is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

## Notes to the financial statements

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## 17. Loans and borrowings

The note provides information about the contractual terms of the Group's and the Company's interest bearing loans and borrowings. For more information about the Group's and Company's exposure to interest rate risk, see Note 33.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
<b>Secured</b>				
Term loan	7,509	9,609	-	-
	7,509	9,609	-	-
<b>Current</b>				
<b>Secured</b>				
Bank overdraft	-	22,717	-	-
Term loan	8,830	14,621	-	-
<b>Unsecured</b>				
Insurance premium finance	-	3,384	-	-
Bills payable	31,679	45,211	-	-
Revolving credits	20,000	19,500	-	-
	60,509	105,433	-	-
<b>Non-current and current</b>	68,018	115,042	-	-

**Terms and debt repayment schedule**

	Year of maturity	Total carrying amount	Under 1 year	1 – 5 years	Over 5 years
		RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
<b>2023</b>					
Term loans					
- secured	2037	16,339	8,830	3,546	3,963
Bills payable	2024	31,679	31,679	-	-
Revolving credits	2024	20,000	20,000	-	-
		68,018	60,509	3,546	3,963

## Notes to the financial statements

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## 17. Loans and borrowings (continued)

	Year of maturity	Total carrying amount RM'000	Under 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000
<b>Group</b>					
<b>2022</b>					
Term loans					
- secured	2037	24,230	14,621	5,080	4,529
Bank overdrafts					
- secured	2023	22,717	22,717	-	-
Insurance premium finance					
- unsecured	2023	3,384	3,384	-	-
Bills payable	2023	45,211	45,211	-	-
Revolving credits	2023	19,500	19,500	-	-
		115,042	105,433	5,080	4,529

**Term loans**

The secured term loans of the subsidiaries are charged against freehold land and buildings of subsidiaries (Note 3).

## 18. Hire purchase and lease liabilities

	Group	
	2023 RM'000	2022 RM'000
<b>Non-current</b>		
Hire purchase with financial institutions	17,064	8,862
Lease liabilities	2,161	3,913
	19,225	12,775
<b>Current</b>		
Hire purchase with financial institutions	6,831	17,513
Lease liabilities	2,455	2,572
	9,286	20,085
<b>Non-current and current</b>	28,511	32,860

The maturity profile of the Group's hire purchase and lease liabilities at the end of the financial year is summarised as follows:

	Group	
	2023 RM'000	2022 RM'000
Under 1 year	9,286	20,085
1 – 2 years	7,535	5,682
3 – 5 years	11,690	7,093
Over 5 years	-	-
Total carrying value	28,511	32,860

## Notes to the financial statements

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## 19. Payables and accruals

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current Trade</b>					
Trade payables	19.1	200,712	176,323	-	-
Amount due to holding company	19.2	358	542	-	-
Amount due to related companies	19.3	6,079	4,318	-	-
Amount due to associates	19.5	-	201	-	-
		207,149	181,384	-	-
<b>Non-trade</b>					
Amount due to holding company	19.2	885	1,333	-	-
Amount due to subsidiaries	19.4	-	-	1,700	1,470
Amount due to related companies	19.3	44	37	-	-
Amount due to associates	19.5	-	3,491	-	-
Other payables		36,004	21,577	8	39
Accrued expenses		54,306	29,235	105	88
		91,239	55,673	1,813	1,597
Total current		298,388	237,057	1,813	1,597

## 19.1 Analysis of foreign currency exposure for significant payables

Significant trade payables that are not in the functional currencies of the Group are as follows:

Functional currency	Foreign currency	Group	
		2023 RM'000	2022 RM'000
RM	AUD	102	546
RM	EUR	9,737	9,117
RM	GBP	1,960	1,161
RM	RMB	122	1,243
RM	SGD	228	476
RM	USD	13,923	25,433
AUD	EUR	1,515	343
AUD	RMB	1,678	242
AUD	USD	6	895
AUD	WON	814	2,196

## 19.2 Amount due to holding company

The trade amount due to the holding company is subject to the normal trade term of 30 (2022 - 30) days.

The non-trade amount due to the holding company is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.



## Notes to the financial statements

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**19. Payables and accruals (continued)****19.3 Amount due to related companies**

The trade amount due to related companies is subject to the normal trade term of 30 (2022 - 30) days.

The non-trade amount due to related companies is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

**19.4 Amount due to subsidiaries**

The non-trade amount due to subsidiaries is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

**19.5 Amount due to associates**

The trade amount due to associates is subject to the normal trade term of 30 (2022 - 30) days.

The non-trade amount due to associates is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

**20. Provision for warranties**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	33,368	42,600
Provision made during the year	5,618	4,493
Utilised during the year	(550)	(159)
Reversal during the year	(5,249)	(13,280)
Effect of movements in exchange rates	1,396	(286)
At 31 December	34,583	33,368

The provision for warranties relates to provision for defect rectification costs for manufactured cranes sold.

## Notes to the financial statements

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## 21. Derivative assets/(liabilities)

	Contract/ Notional amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
<b>2023</b>			
<b>Group</b>			
Forward foreign currency contracts	65,541	499	-
<b>2022</b>			
<b>Group</b>			
Forward foreign currency contracts	110,210	426	-
<b>2023</b>			
<b>Company</b>			
Forward foreign currency contracts	-	-	-
<b>2022</b>			
<b>Company</b>			
Forward foreign currency contracts	-	-	-

Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's and the Company's receivables and payables denominated in currencies other than the functional currency of the Group and the Company.

## 22. Revenue

Revenue comprises the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers	701,452	530,129	-	-
Revenue from other sources				
- rental income	63,709	64,644	1,108	1,125
- dividend income	-	-	34,834	90,339
	765,161	594,773	35,942	91,464

## Notes to the financial statements

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**22. Revenue (continued)**

Breakdown of the Group's revenue:

	Crane		Intelligent Automation Group	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sale of spare part for crane	118,621	73,679	-	-
Sale of industrial information technology equipment	-	-	223,845	149,015
Crane maintenance	20,037	18,320	-	-
Rental of crane	63,709	64,644	-	-
Sale of cranes	338,949	289,115	-	-
	<b>541,316</b>	<b>445,758</b>	<b>223,845</b>	<b>149,015</b>
<u>Geographical market</u>				
Inside Malaysia	270,602	192,407	221,847	147,760
Outside Malaysia	270,714	253,351	1,998	1,255
	<b>541,316</b>	<b>445,758</b>	<b>223,845</b>	<b>149,015</b>
<u>Timing of revenue recognition</u>				
- at a point of time	206,446	156,643	132,302	75,039
- over time	334,870	289,115	91,543	73,976
	<b>541,316</b>	<b>445,758</b>	<b>223,845</b>	<b>149,015</b>

**23. Finance income**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income:				
- Fixed deposit	1,773	749	-	-
- Advance to subsidiaries	-	-	250	299
- Advance to an associate	69	67	69	67
- Short-term funds	1,707	545	117	98
Interest income arising on financial assets/(liabilities) measured under MFRS 9	258	2,623	898	542
	<b>3,807</b>	<b>3,984</b>	<b>1,334</b>	<b>1,006</b>

## Notes to the financial statements

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## 24. Finance costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses:				
- Bills payable	1,383	1,257	-	-
- Bank overdrafts	5	892	-	-
- Insurance premium finance	21	12	-	-
- Revolving credit interest	861	258	-	-
- Term loan interest	1,908	600	-	-
- Lease rental interest	2,224	1,131	-	-
- Other Interest	-	-	2	-
Interest expenses arising on financial assets/(liabilities) measured under MFRS 9	2,933	2,603	2,340	885
	9,335	6,753	2,342	885

## 25. Net loss/(reversal) on impairment of financial assets and contract assets

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Impairment losses during the financial year:				
- Trade receivable	15,161	6,214	-	-
- Other receivable	121	19	-	-
- Amount due from associate	812	14,749	-	124
- Contract assets	223	137	-	-
- Amount due from subsidiaries	-	-	5,935	-
- Amount due from related company	2,029	-	-	-
Reversal of impairment losses during the financial year:				
- Trade receivable	(121)	(6,078)	-	-
- Other receivable	(20)	-	-	-
- Amount due from associate	(2,268)	(14,187)	(1,552)	-
- Contract assets	(37)	(35)	-	-
- Amount due from subsidiaries	-	-	-	(5,766)
- Amount due from related company	-	(74)	-	-
	15,900	745	4,383	(5,642)

## Notes to the financial statements

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## 26. Operating profit

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Operating profit is arrived at after crediting:</b>					
COVID-19-related subsidies from government		-	1,192	-	-
Capital gain on short-term funds		709	483	133	483
Gain on disposal of property, plant and equipment		123	456	-	-
Gain on disposal of a subsidiary		-	-	-	1
Net realised foreign exchange gain		-	2,540	4	282
Net unrealised foreign exchange gain		7,823	-	1,344	2,633
Reversal of provision for warranties	20	5,249	13,280	-	-
Reversal of provision for foreseeable losses		3,200	688	-	-
<b>and after charging:</b>					
Allowance for slow moving inventories	13	1,717	4,184	-	-
Auditors' remuneration:					
Audit fees					
- holding company's auditors					
- current financial year		272	243	75	66
- under provision in prior year		12	-	7	-
- other auditors		663	627	-	-
Other services					
- holding company's auditors		20	20	20	20
Amortisation of intangible assets	4	6	6	-	-
Bad debts written off		3,568	22	-	-
Depreciation expenses:					
- investment property	6	-	-	443	443
- property, plant and equipment	3	33,547	29,254	42	41
- right-of-use assets	3	7,637	7,536	-	-
Loss on disposal of a subsidiary	37	-	193	-	-
Net unrealised foreign exchange loss		-	5,610	-	-
Net realised foreign exchange loss		1,457	-	-	-
Net fair value adjustment on derivative instruments		(73)	(649)	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees Provident Fund		12,494	11,730	209	206
- Share-based payments	30	3,043	850	3,043	850
- Wages, salaries and others		118,057	104,609	1,914	1,359
Property, plant and equipment written off		-	151	-	-
Provision for foreseeable losses		1,232	7,563	-	-
Provision for warranties	20	5,618	4,493	-	-
Rental expenses on:					
- cranes		30,525	32,433	-	-
- premises		3,445	2,569	44	44
- equipment		373	386	-	-
Writedown of inventories	13	496	1,452	-	-

## Notes to the financial statements

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**27. Key management personnel compensation**

The key management personnel compensations are as follows:-

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Directors</b>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	277	276	192	192
- remuneration	1,750	2,891	1,742	2,881
	2,027	3,167	1,934	3,073
<i>Non-executive Directors</i>				
- fees	153	180	144	157
- other benefits	46	50	45	49
	199	230	189	206
	2,226	3,397	2,123	3,279
<b>Other Key Management Personnel</b>				
Short-term employee benefits	5,213	4,708	1,116	1,021
Defined contribution benefits	425	364	145	123
Share-based payment	-	517	-	439
	5,638	5,589	1,261	1,583

The Directors of the Company are the key management personnel for the Group with ultimate authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

## Notes to the financial statements

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## 28. Income tax expense/(credit)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current tax expense</b>				
Malaysia				
- current	18,789	12,251	77	45
- (over)/under provision in prior year	(1,526)	1,693	-	-
	17,263	13,944	77	45
Foreign				
- current	7,281	6,468	150	299
- (over)/under provision in prior year	(1,465)	(1,131)	(297)	49
	5,816	5,337	(147)	348
	23,079	19,281	(70)	393
<b>Deferred tax expense (Note 10)</b>				
Origination and reversal of temporary differences	1,357	(2,324)	(1,052)	1,354
(Over)/Under provision in prior years	(538)	43	-	-
	819	(2,281)	(1,052)	1,354
<b>Income tax expense/(credit)</b>	23,898	17,000	(1,122)	1,747
<b>Reconciliation of tax expense</b>				
Profit for the year	61,456	42,568	28,016	96,615
Total tax expense/(credit)	23,898	17,000	(1,122)	1,747
Profit excluding tax	85,354	59,568	26,894	98,362
Tax at Malaysian tax rate of 24% (2022 - 24%)	20,485	14,296	6,455	23,607
Effect of different tax rates in foreign jurisdictions	1,329	1,271	-	-
Non-deductible expense	8,675	2,890	1,378	4
Non-taxable gain	(3,481)	(2,791)	(292)	(218)
Tax exempt income	-	-	(8,366)	(21,695)
Tax incentives	-	(13)	-	-
Utilisation of deferred tax assets not recognised in previous year	259	(765)	-	-
Unutilised tax losses	994	-	-	-
(Over)/Under provision in prior years	(3,529)	605	(297)	49
Others	(834)	1,507	-	-
Total income tax expense	23,898	17,000	(1,122)	1,747

Domestic income tax is calculated at the Malaysia statutory tax rate 24% (2022 - 24%) of the estimated assessable profit for the financial year.

## Notes to the financial statements

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## 29. Earnings per ordinary share (sen)

**Basic earnings per share**

The calculation of basic earnings per share for the financial year ended 31 December 2023 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2023 RM'000	2022 RM'000
Profit for the financial year attributable to owners of the Company	50,554	38,691
<b>Weighted average number of ordinary shares</b>		
	Group	
	2023 '000	2022 '000
Number of ordinary shares in issue at 1 January	234,913	223,945
Effect of shares repurchased	(1,345)	(1,345)
Effect of ordinary shares issued under SIS	9	8,206
Total weighted average number of ordinary shares in issue (unit)	233,577	230,806
Basic earnings per share (sen)	21.64	16.76

**Diluted earnings per share**

The Group has dilutive potential ordinary shares from the options granted to eligible employees of the Group.

The calculation of diluted earnings per share for the year ended 31 December 2023 was based on profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding on the assumption that all the dilutive potential ordinary shares are fully converted, as follows:

	Group	
	2023 RM'000	2022 RM'000
Profit attributable to owners of the Company	50,554	38,691
<b>Weighted average number of ordinary shares</b>		
	Group	
	2023 '000	2022 '000
Weighted average number of ordinary shares	233,577	230,806
Effect of share options in issue	3,487	3,041
Adjusted weighted average number of ordinary shares (diluted) at 31 December	237,064	233,847



## Notes to the financial statements

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**29. Earnings per ordinary share (sen) (continued)**

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

	Group	
	2023	2022
Diluted earnings per shares (sen)	21.33	16.55

**30. Employee benefits****30.1 Share-based payments**

In 2022, a share issuance scheme ("SIS") was established on 27 July 2022 following the approval by the shareholders of the Company at an Extraordinary General Meeting ("EGM") held on 22 June 2022 to the eligible employees including Directors of the Company and its subsidiaries.

The main features of the SIS, and details of the share options offered and exercised during the financial year are as follows:

- (i) The maximum number of approved unissued new ordinary shares available for allotment under the SIS shall not exceed in aggregate of ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the SIS;
- (ii) Save for Directors, the eligible employees are those confirmed full time employees of the Group and who have served for a continuous period of at least one (1) year;
- (iii) A grantee shall be allowed to exercise the options granted subject to the following percentage limits based on entitlement granted:

**Year option is granted 2022**

Cumulative % of options exercisable during the option period in

Year 1	-
Year 2	15%
Year 3	30%
Year 4	45%
Year 5	100%

- (iv) The exercise price shall be based on the weighted average market price of the shares of the Company for the five (5) market days immediately preceding the offer date subject to a discount of not more than ten per cent (10%).

## Notes to the financial statements

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## 30. Employee benefits (continued)

## 30.1 Share-based payments (continued)

The following options were granted under the Option scheme:

## Group and Company

**SIS**

Grant date	Exercise price	At 1.1.2023 '000	Granted '000	Exercised '000	Forfeited '000	At 31.12.2023 '000	Expiry date
21.9.2022	RM1.45	19,745	-	(42)	(415)	19,288	26.7.2027

**SIS**

Grant date	Exercise price	At 1.1.2022 '000	Granted '000	Exercised '000	Forfeited/ Expired '000	At 31.12.2022 '000	Expiry date
21.9.2022	RM1.45	-	20,168	-	(423)	19,745	26.7.2027

## Details relating to options exercised during the financial year

	Group and Company 2023 RM'000	Group and Company 2022 RM'000
Fair value of shares issued (based on average exercise price)	1.81	1.99

## Value of employee services received for issue of share options

The value of employee services received for issue of share options is as follows:

	Group and Company 2023 RM'000	Group and Company 2022 RM'000
Expenses recognised as share-based payments	3,043	850

**30. Employee benefits (continued)****30.1 Share-based payments (continued)****Fair value of share options and assumptions**

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black Scholes Model with the following inputs:

**SIS**

	Group and Company	
	2023	2022
Fair value at grant date (RM)		
- Granted in Year 2022	RM0.36 – RM0.56	RM0.36 – RM0.56
Weighted average share price		
- Granted in Year 2022	1.71	1.71
Exercise price (RM)		
- Granted in Year 2022	1.45	1.45
Expected volatility (weighted average volatility)	24.798%	24.798%
Option life	5 years	5 years
Risk-free interest rate (based on Malaysian Government bonds)		
- Granted in Year 2022	3.395% - 3.944%	3.395% - 3.944%
Expected staff turnover	10%	10%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends and not necessarily be the actual outcome. The expected option life is based on historical data, which may also not necessarily be indicative of exercise patterns that may occur. The SIS will be expiring on 26 July 2027.

## Notes to the financial statements

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### 31. Dividends

The dividends recognised by the Company is:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
<b>2023</b>			
First 2022 ordinary	4.00	9,343	6 September 2023
		<u>9,343</u>	
<b>2022</b>			
First 2022 ordinary	85.00	198,533	10 June 2022
First and final 2021 ordinary	8.00	18,685	21 September 2022
		<u>217,218</u>	

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2024.

	Sen Per Share (tax exempt)	Total amount RM'000
Final ordinary	9.00	21,044

#### **Dividend per ordinary share**

The calculation of dividend per ordinary share is based on the proposed gross final dividend for the financial year ended 31 December 2023 of RM21,044,409 (2022 - RM9,342,711) on the issued and paid-up share capital (excluding treasury shares) of 233,826,763 (2022 - 233,567,763) ordinary shares as at the end of the reporting date.

### 32. Operating segments

Segment information is presented in respect of the Group's geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

#### **Operating segments**

The Group is organised into business units based on their products and services provided.

The Group comprises the following main business segments.

Cranes	Design, manufacture, supply, trading, leasing and services provider of offshore oil and gas pedestal cranes, tower cranes, shipyard cranes and other heavy lifting equipment cranes.
Intelligent Automation Group	Design, engineering and maintenance services for integrated automation solutions, process analysers and specialised equipment for various industries.

## Notes to the financial statements

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## 32. Operating segments (continued)

**Geographical segments**

The Group's business is managed on a worldwide basis with its head office in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the respective principal operations. Segment assets are also based on the geographical location of assets.

	Inside Malaysia		Outside Malaysia		Eliminations		Consolidated	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Geographical segments</b>								
Revenue from external customers	492,449	340,166	272,712	254,607	-	-	765,161	594,773
Inter-segment revenue	86,389	165,212	21,267	22,199	(107,656)	(187,411)	-	-
<b>Total revenue</b>	<b>578,838</b>	<b>505,378</b>	<b>293,979</b>	<b>276,806</b>	<b>(107,656)</b>	<b>(187,411)</b>	<b>765,161</b>	<b>594,773</b>
Operating profit							90,060	62,500
Finance income							3,807	3,984
Finance costs							(9,335)	(6,753)
Share of loss of associates							822	(163)
Profit before tax							85,354	59,568
Segment assets	1,055,865	1,033,568	564,256	551,816	(172,771)	(219,541)	1,447,350	1,365,843
Investments in associates	22	22	6,359	6,359	(2,524)	(3,346)	3,857	3,035
<b>Total assets</b>	<b>1,055,887</b>	<b>1,033,590</b>	<b>570,615</b>	<b>558,175</b>	<b>(175,295)</b>	<b>(222,887)</b>	<b>1,451,207</b>	<b>1,368,878</b>
Segment liabilities	421,487	442,168	383,559	398,563	(141,488)	(204,710)	663,558	636,011
Capital expenditure - Property, plant and equipment	12,320	8,719	6,145	17,104	(961)	(925)	17,504	24,898
Depreciation	15,564	15,255	17,983	13,999	-	-	33,547	29,254

## Notes to the financial statements

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## 32. Operating segments (continued)

**Business segments**

	Cranes		Intelligent Automation Group		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Geographical segments</b>								
Inside Malaysia	355,952	353,393	222,886	151,986	(86,389)	(165,212)	492,449	340,167
Outside Malaysia	291,981	275,550	1,998	1,255	(21,267)	(22,199)	272,712	254,606
<b>Total revenue</b>	<b>647,933</b>	<b>628,943</b>	<b>224,884</b>	<b>153,241</b>	<b>(107,656)</b>	<b>(187,411)</b>	<b>765,161</b>	<b>594,773</b>
Operating profit							90,060	62,500
Finance income							3,807	3,984
Finance costs							(9,335)	(6,753)
Share of loss of associates							822	(163)
Profit before tax							<b>85,354</b>	<b>59,568</b>
Segment assets	1,415,505	1,426,908	204,616	158,476	(172,771)	(219,541)	1,447,350	1,365,843
Investments in associates	6,381	6,381	-	-	(2,524)	(3,346)	3,857	3,035
Total assets	<b>1,421,886</b>	<b>1,433,289</b>	<b>204,616</b>	<b>158,476</b>	<b>(175,295)</b>	<b>(222,887)</b>	<b>1,451,207</b>	<b>1,368,878</b>
Segment liabilities	693,414	773,005	111,632	67,726	(141,488)	(204,710)	663,558	636,011
Capital expenditure								
- Property, plant and equipment	16,279	24,826	2,186	997	(961)	(925)	17,504	24,898
Depreciation	32,605	28,605	942	649	-	-	33,547	29,254

## 33. Financial instruments

## 33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Financial Assets</b>				
<u>Amortised cost</u>				
Receivables and deposits	226,180	235,490	42,570	21,456
Deposits placed with licensed banks	41,842	24,453	-	-
Cash and bank balances	101,046	78,304	2,801	978
	<b>369,068</b>	<b>338,247</b>	<b>45,371</b>	<b>22,434</b>
<u>Fair Value through Profit or Loss</u>				
Derivative assets	499	426	-	-
Short-term funds	21,973	19,080	586	2,073
Long-term funds	8,153	7,625	-	-
	<b>30,625</b>	<b>27,131</b>	<b>586</b>	<b>2,073</b>

## Notes to the financial statements

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**33. Financial instruments (continued)****33.1 Categories of financial instruments (continued)**

The table below provides an analysis of financial instruments categorised as follows: (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Financial Liabilities</b>				
<u>Other Financial Liabilities</u>				
Loan and borrowings	68,018	115,042	-	-
Payables and accruals	298,388	237,057	1,813	1,597
Provision for warranties	34,583	33,368	-	-
	400,989	385,467	1,813	1,597

**33.2 Gains or losses arising from financial instruments**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Financial Assets</b>				
<u>Amortised cost</u>				
Impairment loss on trade receivables	15,040	136	-	-
Impairment loss on other receivables	101	19	-	-
(Reversal of impairment)/ Impairment loss on amount due from associate	(1,456)	562	(1,552)	124
Impairment loss on contract assets	186	102	-	-
Impairment/(Reversal of impairment) loss on amount due from related companies	2,029	(74)	-	-
Impairment/(Reversal of impairment) loss on amount due from subsidiaries	-	-	5,935	(5,766)
Interest income from deposits placed with licensed banks	(1,773)	(749)	-	-
Interest income from advance to subsidiaries	-	-	(250)	(299)
Interest income from advance to an associate	(69)	(67)	(69)	(67)
Interest income from short-term funds	(1,707)	(545)	(117)	(98)
Interest income arising on financial assets/(liabilities) measured under MFRS 9	(258)	(2,623)	(898)	(542)
	12,093	(3,239)	3,049	(6,648)
<b>Financial Liabilities</b>				
<u>Amortised cost</u>				
Interest expense on borrowings	6,402	4,150	2	-
Interest expense arising on financial assets/(liabilities) measured under MFRS 9	2,933	2,603	2,340	885
	9,335	6,753	2,342	885

## Notes to the financial statements

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### 33. Financial instruments (continued)

#### 33.3 Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its credit, liquidity, interest rate and foreign currency risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

##### (a) Credit risk

###### (i) Risk management objectives, policies and processes for managing the risk

The Group's credit risk is primarily attributable to trade receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for borrowings granted to subsidiaries.

###### (ii) Exposure to credit risk, credit quality and collateral

At the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 to 60 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables (net of impairment) by geographical region is as follows:

	Group	
	2023	2022
	RM'000	RM'000
Asia	90,066	75,880
Africa	12	-
America	2,974	598
Australia	15,400	11,040
Europe	26,187	53,955
Middle East	9,344	12,728
	143,983	154,201

###### (iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost and contract assets at fair value through other comprehensive income are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.



### 33. Financial instruments (continued)

#### 33.3 Financial risk management policies (continued)

##### (a) Credit risk (continued)

##### (iii) Assessment of impairment losses (continued)

#### Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Company concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having significant balances and more than a year overdue are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

The information about the exposure to credit risk and the loss allowance calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
<b>2023</b>			
Not past due	82,151	(2,016)	80,135
Past due 0 - 90 days	35,060	(1,373)	33,687
Past due 91 - 180 days	27,483	(3,056)	24,427
Past due more than 180 days	57,230	(51,496)	5,734
	201,924	(57,941)	143,983
Credit impaired:			
- more than 30 days past due	171,887	(27,904)	143,983
- individually impaired	30,037	(30,037)	-
	201,924	(57,941)	143,983
Contract assets	152,557	(1,312)	151,245

## Notes to the financial statements

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## 33. Financial instruments (continued)

## 33.3 Financial risk management policies (continued)

## (a) Credit risk (continued)

(iii) Assessment of impairment losses (continued)

## Trade Receivables and Contract Assets (continued)

Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
<b>2022</b>			
Not past due	72,301	(779)	71,522
Past due 0 - 90 days	60,037	(1,392)	58,645
Past due 91 - 180 days	17,883	(2,177)	15,706
Past due more than 180 days	46,678	(38,350)	8,328
	196,899	(42,698)	154,201
Credit impaired:			
- more than 30 days past due	169,598	(15,397)	154,201
- individually impaired	27,301	(27,301)	-
	196,899	(42,698)	154,201
Contract assets	134,315	(1,106)	133,209

## Other receivables

The Group applies the general approach to measuring expected credit losses for the other receivables. Generally, the Group consider the advances to other receivables have low credit risk.

The Group assumes that there is a significant increase in credit risk when the probability of securing that the contract deteriorates significantly. As the Group is able to determine the timing of payments of the other receivables advances when they are payable, the Group considers the advances to be in default when the other receivables are not able to pay when demanded. The Group considers the advances to be credit impaired when the other receivables are unlikely to repay the advances in full.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for the other receivables are summarised below:

Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
<b>2023</b>			
Low credit risk	17,562	-	17,562
Significant increase in credit risk	985	(279)	706
	18,547	(279)	18,268
<b>2022</b>			
Low credit risk	13,504	-	13,504
Significant increase in credit risk	15,015	(178)	14,837
	28,519	(178)	28,341

**33. Financial instruments (continued)****33.3 Financial risk management policies (continued)****(a) Credit risk (continued)***(iii) Assessment of impairment losses (continued)***Amount due from subsidiaries and amount due from associates**

The Group and the Company consider the amount due from subsidiaries and associates to be in default when the subsidiaries and associates were not able to pay when demanded. The Group and the Company consider a subsidiary's outstanding balances and an associate's outstanding balances to be credit impaired when the subsidiary and associate are unlikely to repay their loan or advances to the Group and the Company in full.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount due from subsidiaries and associates are summarised below:

	<b>Gross Amount RM'000</b>	<b>Lifetime Loss Allowance RM'000</b>	<b>Carrying Amount RM'000</b>
<b>Amount due from subsidiaries</b>			
<b>Company</b>			
<b>2023</b>			
Significant increase in credit risk	46,804	(11,190)	35,614
<b>2022</b>			
Significant increase in credit risk	21,505	(5,255)	16,250
	<b>Gross Amount RM'000</b>	<b>Lifetime Loss Allowance RM'000</b>	<b>Carrying Amount RM'000</b>
<b>Amount due from associates</b>			
<b>Group</b>			
<b>2023</b>			
Significant increase in credit risk	76,358	(17,325)	59,033
<b>2022</b>			
Significant increase in credit risk	68,961	(18,484)	50,477

## Notes to the financial statements

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**33. Financial instruments (continued)****33.3 Financial risk management policies (continued)****(a) Credit risk (continued)***(iii) Assessment of impairment losses (continued)***Amount due from subsidiaries and amount due from associates (continued)**

	<b>Gross Amount RM'000</b>	<b>Lifetime Loss Allowance RM'000</b>	<b>Carrying Amount RM'000</b>
<b>Amount due from associates</b>			
<b>Company</b>			
<b>2023</b>			
Significant increase in credit risk	6,885	-	6,885
<b>2022</b>			
Significant increase in credit risk	6,585	(1,552)	5,033

**Short-term funds, fixed deposits placed with licensed banks, cash and bank balances**

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

**Financial guarantees**

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounted to RM63 million (2022 - RM82 million) representing the outstanding banking facilities of the subsidiaries as at the end of the financial year. As at the end of the financial year, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

**33. Financial instruments (continued)****33.3 Financial risk management policies (continued)****(b) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Maturity Analysis**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted contractual payment:

Group	Effective interest rate %	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000
<b>2023</b>				
<i>Secured borrowings</i>				
- Bills payable	3.87 - 4.85	31,679	-	-
- Hire purchase and lease liabilities	5.25 - 6.21	9,286	19,225	-
- Term loan	4.41 - 7.11	8,830	3,546	3,963
<i>Unsecured</i>				
- Revolving credits	4.54	20,000	-	-
- Payables and accruals	-	298,388	-	-
		368,183	22,771	3,963
<b>2022</b>				
<i>Secured borrowings</i>				
- Bills payable	1.96 - 4.80	45,211	-	-
- Bank overdraft	4.83	22,717	-	-
- Hire purchase and lease liabilities	1.60	20,085	12,775	-
- Term loan	3.11 - 4.83	14,621	5,080	4,529
<i>Unsecured</i>				
- Insurance premium finance	0.96 - 2.59	3,384	-	-
- Revolving credits	3.58	19,500	-	-
- Payables and accruals	-	237,057	-	-
		362,575	17,855	4,529

## Notes to the financial statements

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## 33. Financial instruments (continued)

## 33.3 Financial risk management policies (continued)

## (b) Liquidity risk (continued)

Maturity Analysis (continued)

Company	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000
<b>2023</b>			
<i>Unsecured</i>			
Payables and accruals	113	-	-
Financial guarantee	63,492	-	-
	63,605	-	-
<b>2022</b>			
<i>Unsecured</i>			
Payables and accruals	127	-	-
Financial guarantee	81,556	-	-
	81,683	-	-

## (c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates that will affect the Group's financial position or cash flows.

**Interest rate risk**

The Group's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash-flow due to fluctuation in market interest rates. Interest rate exposure is managed through the use of fixed and floating rate debts.

**Effective interest rates and repricing analysis**

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the end of the reporting period and the periods in which they mature, or if earlier, reprice.

Group	2023		2022	
	Effective interest rate %	Total RM'000	Effective interest rate %	Total RM'000
<b>Financial assets</b>				
<b>Fixed rate instruments</b>				
Deposits placed with				
licensed banks	1.60 - 3.15	41,842	1.14 - 2.70	24,453
Short-term funds	0.09 - 5.20	21,973	1.14 - 3.42	19,080
Long-term funds	1.20 - 5.60	8,153	4.37	7,625
		71,968		51,158

**33. Financial instruments (continued)****33.3 Financial risk management policies (continued)****(c) Market risk (continued)****Interest rate risk (continued)****Effective interest rates and repricing analysis (continued)**

Group	2023		2022	
	Effective interest rate %	Total RM'000	Effective interest rate %	Total RM'000
<b>Financial liabilities</b>				
<b>Fixed rate instruments</b>				
Unsecured insurance premium finance – AUD	-	-	3.59	3,384
Secured bank overdraft	-	-	4.83	22,717
Hire purchase payables	5.25 - 6.21	23,895	1.60	26,375
Secured term loan	4.85 - 5.90	4,152	4.58 - 4.83	6,762
<b>Floating rate instrument</b>				
Bills payable	3.87 - 4.85	31,679	1.96 - 4.80	45,211
Revolving credits	4.54	20,000	3.58	19,500
Secured term loan	4.36 - 7.11	12,187	3.11 - 4.83	17,468
		91,913		141,417

Company	2023		2022	
	Effective interest rate %	Total RM'000	Effective interest rate %	Total RM'000
<b>Financial assets</b>				
<b>Fixed rate instruments</b>				
Short-term funds	1.30 - 5.20	586	1.25 - 3.42	2,073

**Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If interest rates as at the end of the reporting period increase by 100 basis points (bp) with all other variables being held constant, the Group and the Company's profit after taxation would have decreased by RM485,000 (2022 - RM625,000). A 100 bp decrease would have had an equal but opposite effect on the profit after taxation.

## Notes to the financial statements

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**33. Financial instruments (continued)****33.3 Financial risk management policies (continued)****(c) Market risk (continued)****Foreign currency risk**

The Group and the Company are exposed to currency risk as a result of transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and Singapore Dollar ("SGD").

**Risk management objectives policies and processes for managing the risk**

The Group uses forward exchange contracts to hedge its foreign currency risk although the Group does not have a fixed policy to hedge its sales and purchases in forward contracts. The exposure to foreign currency risk of the Group is monitored by the management from time to time. The Group does not hold forward exchange contracts for trading purposes. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

The foreign exchange contracts are used as hedges to manage the operational exposures to foreign currency risks. They are entered into with high credit quality financial institutions and monitoring procedures. The exposure to foreign currency risk of the Group and of the Company is also mitigated by natural hedging via borrowings and payment of operational costs and expenses in the same currency of the major receivables.

**Exposure to foreign currency risk**

The Group's exposure to major foreign currency is as follows:

<b>Group</b>	<b>USD RM'000</b>	<b>AUD RM'000</b>	<b>SGD RM'000</b>
<b>2023</b>			
Financial assets	92,983	44,288	3,872
Financial liabilities	(17,331)	(47,106)	(432)
Net financial assets	75,652	(2,818)	3,440
Less: Net financial liabilities denominated in the respective entities functional currencies	(6,163)	3,529	(3,870)
Less: Forward foreign currency contracts (contracted notional principal)	(63,966)	(1,575)	-
<b>Net currency exposure</b>	<b>5,523</b>	<b>(864)</b>	<b>(430)</b>
<b>2022</b>			
Financial assets	57,921	36,953	13,743
Financial liabilities	(34,923)	(50,629)	(760)
Net financial assets	22,998	(13,676)	12,983
Less: Net financial liabilities denominated in the respective entities functional currencies	(3,803)	15,725	(14,894)
Less: Forward foreign currency contracts (contracted notional principal)	(110,210)	-	-
<b>Net currency exposure</b>	<b>(91,015)</b>	<b>2,049</b>	<b>(1,911)</b>



**33. Financial instruments (continued)****33.3 Financial risk management policies (continued)****(c) Market risk (continued)****Foreign currency risk (continued)****Currency risk sensitivity analysis**

A 5% strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

**Effects on profit after taxation**

	USD RM'000	AUD RM'000	SGD RM'000
<b>2023</b>			
- strengthened by 5%	210	(33)	(16)
- weakened by 5%	(210)	33	16
<b>2022</b>			
- strengthened by 5%	(3,459)	78	(73)
- weakened by 5%	3,459	(78)	73

**33.4 Fair value information**

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>Group</b>								
<b>2023</b>								
Financial assets								
Short-term funds	21,973	-	-	-	-	-	21,973	21,973
Forward currency contract	-	499	-	-	-	-	499	499
	21,973	499	-	-	-	-	22,472	22,472
<b>2022</b>								
Financial assets								
Short-term funds	19,080	-	-	-	-	-	19,080	19,080
Forward currency contract	-	426	-	-	-	-	426	426
	19,080	426	-	-	-	-	19,506	19,506

## Notes to the financial statements

Cont'd

## 34. Related parties

## (i) Identities of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationships with its holding company, subsidiaries, related companies, associates and Directors are in Note 7, Note 8 and Note 27 respectively.

The significant related party transaction of the Group and of the Company, other than key management personnel compensation are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Significant transactions with holding company:-				
Purchase of property, plant and equipment	8	-	-	-
Rental expense payable	2,285	1,615	-	-
Sale of goods and services	(28)	(131)	-	-
Subcontract cost payable	44	37	-	-
Share services expenses	1,800	2,474	-	-
Significant transactions with subsidiaries:-				
Dividend income receivable	-	-	(34,834)	(90,339)
Rental income receivable	-	-	(1,108)	(1,125)
Significant transactions with related companies:-				
Rental income receivable	(253)	(7)	-	-
Rental expense payable	301	706	44	44
Sale of goods and services	(7,813)	(2,416)	-	-
Subcontract cost payable	9,085	5,600	-	-
Significant transactions with associates:-				
Interest income receivable	(69)	(66)	(69)	(66)
Sale of goods and services	(28,118)	(4,669)	-	-
Purchase of goods and services	602	419	-	-

## Notes to the financial statements

Cont'd

**34. Related parties (continued)****(i) Identities of related parties (continued)**

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

The outstanding net amounts due from/(to) subsidiaries, related companies and associates as at 31 December are disclosed in Note 9 and Note 19 respectively.

**35. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions or expansion plans of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in Group's approach to capital management during the year.

**36. Acquisition of subsidiaries**Previous financial year

On 31 October 2022, the Group completed acquisitions of 70% of Strata Niaga Sdn. Bhd. and its subsidiary Strata Niaga (B) Sdn. Bhd. which provides engineering and trading in oil & gas and power industry.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	<b>Group RM'000</b>
Property, plant and equipment	649
Cash and cash equivalents	2,682
Receivables and other receivables	3,836
Current tax assets	676
Contract liabilities	(1,050)
Trade payables and other payables	(1,498)
Non-controlling interest	(285)
Net identifiable assets acquired	5,010
Add: Non-controlling interests, measured at the proportion share of the fair value of the net identifiable assets	(1,503)
Goodwill from the acquisition (Note 5)	4,100
Total purchase consideration	7,607
Less: Cash and bank balances of subsidiaries acquired	(2,682)
Total net cash outflow from the acquisition of subsidiaries	4,925

(a) The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiary, its future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

(b) The acquired subsidiaries have contributed revenue of RM4.8 million and profit after taxation of RM0.7 million to the Group since the date of acquisition.

## Notes to the financial statements

Cont'd

### 37. Disposal of a subsidiary

#### Previous financial year

On 1 April 2022 the Group disposed of its entire equity interests in Exact Oil & Gas Sdn. Bhd. for RM 140,683 in cash.

	<b>Group RM'000</b>
Trade and other receivables	1,544
Cash and bank balances	589
Trade and other payables	(1,658)
Carrying amount of net assets disposed of	475
Less: Non-controlling interests, measured at the proportion share of the fair value of the net identifiable assets	(142)
Loss on disposal of a subsidiary	333 (193)
Consideration received, satisfied in cash	140
Less: Cash and bank balances of a subsidiary disposed of	(589)
Net cash outflow from the disposal of a subsidiary	(449)

# Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

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In the opinion of the Directors, the financial statements set out on pages 52 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Mac Chung Hui**

.....  
**Lee Poh Kwee**

Klang, Selangor Darul Ehsan

Date: 12 April 2024

# Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

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I, **Lee Poh Kwee**, MIA Membership Number: 8033, the Director primarily responsible for the financial management of Favelle Favco Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 130 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Klang, in Selangor Darul Ehsan on 12 April 2024.

.....  
**Lee Poh Kwee**

Before me:

Nadzrul Azali bin Abdul Aziz  
Pesuruhjaya Sumpah Malaysia  
(No. B548)

# Independent Auditors' Report

to the Members of Favelle Favco Berhad

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Favelle Favco Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 52 to 130.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Revenue recognition and contract accounting</b> Refer to Note 22 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>Construction contract accounting is inherently complex due to the contracting nature of the business, which involves significant judgements. This includes the determination of the total budgeted contract costs to complete the projects and the calculation of percentage of completion which affects the quantum of revenue and profit to be recognised.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Read all key contracts and discussed with management to obtain a full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised;</li> <li>• Testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements;</li> </ul>

## Independent Auditors' Report to the Members of Favelle Favco Berhad

Cont'd

**Key Audit Matters (Continued)**

We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Revenue recognition and contract accounting (cont'd)</b> Refer to Note 22 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>In estimating the revenue to be recognised, the management considers past experience and work done certified by customers and/or independent third parties, where applicable.</p> <p>In estimating the total budgeted contract costs to completion, the management considers the completeness and accuracy of its costs estimation, including its obligations to contract variations and claims. The total costs to completion are subject to a number of variables including the accuracy of designs, market conditions in respect of materials and sub-contractor cost and construction issues.</p> <p>An error in the estimated profit on contracts could result in a material variance in the amount of profit or loss recognised to date and therefore also in the current period. The profit recognition on contract includes key judgements over the expected recovery of costs arising from variations and claims and assessment on liquidated and ascertained damages costs, where applicable. In addition, changes in judgements, and the related estimates, as contracts progress, can result in material adjustments to margin, which can be both positive and negative.</p> <p>The potential outcome for contracts can have an individually and collectively material impact on the financial statements, whether through error or management bias.</p> <p>We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs to completion, calculation of percentage of completion and the determination of revenue and profit to be recognised.</p>	<p>Our audit procedures included, amongst others: (continued)</p> <ul style="list-style-type: none"> <li>• Assessing the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables and costs incurred on variation orders;</li> <li>• Assessing the reasonableness of percentage of completion by comparing to certification by external parties;</li> <li>• Assessing the estimated profit and costs to completion, adjustments for job costing and potential contract losses.</li> <li>• Assessing whether the amounts recognised in the financial statements were in line with the Group's accounting policy and relevant accounting standards.</li> </ul>



## Independent Auditors' Report to the Members of Favelle Favco Berhad

Cont'd

**Key Audit Matters (Continued)**

<b>Recoverability of trade receivables</b> Refer to Note 9 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>Trade receivables are a major component of the financial position of the Group.</p> <p>The Group assessed at each reporting date whether the trade receivables carried at amortised cost are credit-impaired. The Group have applied simplified method to determine the allowance for impairment of trade receivables. The expected credit loss model involves the use of various assumptions, economic factors and historical credit behaviour of trade receivables.</p> <p>We identified the expected credit loss on trade receivables as a key audit matter due to estimation and judgements significantly used by management in the calculation of expected credit loss, risk of default and the inherent uncertainties during the estimation process.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluating the methodologies of expected credit loss model developed by the Group;</li> <li>• Testing the accuracy and completeness of the underlying data used in the model and the arithmetical accuracy of the calculation of expected credit loss;</li> <li>• Challenging the reasonableness of the key assumptions and judgements used to calculate the likelihood of default and estimation on the adequacy of the Group's expected credit loss allowance on trade receivables;</li> <li>• Reviewing recoverability of major receivables including but not limited to the review of subsequent collections; and</li> <li>• Reviewing collections and sales trends during financial year of major receivables.</li> </ul>

<b>Inventories – Inventories under Work-In-Progress</b> Refer to Note 13 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>Inventories are a major component of the financial position of the Group.</p> <p>The Group assessed at each reporting date whether the inventories are carried at the lower of costs and net realisable value. There are significant degrees of management's assumptions and estimates used for determining the net realisable value, including the stage of completion, expected costs to complete, and expected selling price.</p> <p>Possible changes in judgments and related estimates of the net realisable value may result in material adjustments to the inventories' carrying amounts.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewing whether inventories are carried at the lower of costs and net realisable value; and</li> <li>• Assessing the adequacy of write-down of inventories.</li> </ul>

## Independent Auditors' Report to the Members of Favelle Favco Berhad

Cont'd

## Key Audit Matters (Continued)

<b>Goodwill impairment</b> Refer to Note 5 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>As at 31 December 2023, the Group has goodwill of RM75.283 million for the acquisition of the Intelligent Automation Group.</p> <p>This is an area of focus given the materiality of the Group's goodwill balances and the inherent subjectivity in impairment testing.</p> <p>The judgement in relation to goodwill impairment relates primarily to the assumptions underlying the calculation of the value in use of the business, being the achievability of the long-term business plans.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Making enquiries and challenging the management on the key assumptions made, including the consistent application of management's methodology, the achievability of the business plans, assumptions in relation to terminal growth in the business at the end of the plan period, and revenue growth, operating margin and discount rates;</li> <li>• Evaluating the reasonableness of the management's estimate of expected future cash flows by taking into consideration the past performance of the Intelligent Automation Group;</li> <li>• Performing sensitivity analysis to assess the impact on the recoverable amount of the cash generating units; and</li> <li>• Reviewing the adequacy of disclosure of goodwill in the financial statements.</li> </ul>

## Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditors' Report to the Members of Favelle Favco Berhad

Cont'd

### Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Independent Auditors' Report to the Members of Favelle Favco Berhad

Cont'd

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### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### **Crowe Malaysia PLT**

201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur  
12 April 2024

#### **Ung Voon Huay**

03233/09/2024 J  
Chartered Accountant

## Group Properties

as at 31 December 2023

No.	Location	Description/ Existing Use	Year of Valuation/ Acquisition	Tenure/ Expiry Date	Land Area	Age of Building	Carrying Value RM'000
1.	4 Mile East, FM 106, Port of Harlingen, Harlingen, Texas, 78551-3049 USA.	Office building cum manufacturing plant	1997	Leasehold expiry 2031	17.826 acres	25 years	1,987
2.	Geran # 51011, Lot 31814 & Geran # 51020, Lot 31792, Mukim of Senawang, Seremban, Negeri Sembilan.	Factory building with office block	2022#	Freehold	68,846 sq.m.	18 years	42,302
3.	7AL, Nordkranvej, 2 3540, Lyngø DK Denmark.	Factory building with office block	2022#	Freehold	59,525 sq.m.	53 years	18,069
4.	PN4072 Lot 3683 & PN4073 Lot 3684 Mukim of Teluk Kalung, District of Kemaman, Terengganu Darul Iman.	Factory building with office block	2010	Leasehold expiry 2057	4,007 sq.m.	9 years	2,637
5.	28, Yarrunga Street, Preston, NSW 2170, Australia.	Office building and factory	2022#	Freehold	11.6 acres	53 years	187,408
6.	No.10-G, No.10-H, No.10-E, Jalan Sapir 33/7 Alam Premier Industrial Park, Section 33 40400 Shah Alam, Selangor Darul Ehsan.	Factory building with office block	2022#	Freehold	1,964 sq.m. 2,228 sq.m. 2,070 sq.m.	7 years 7 years 7 years	4,978 5,911 5,628
7.	612, Block A, Kelana Square, No 17, Jalan SS7/26 47301 Petaling Jaya, Selangor Darul Ehsan	Leasehold office	2011	Leasehold Expiry 2089	219 sq.m.	25years	428
<b>Total properties</b>							269,348

**Note:**

# Year of Valuation

# Analysis of Shareholdings

as at 29 March 2024

## Share Capital

Total number of issued shares	:	235,054,763
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

## Distribution of shareholdings of ordinary shares

Size of Holdings	No of holders <sup>*1</sup>	% of holders <sup>*1</sup>	No. of shares held <sup>*1</sup>	% of issued capital <sup>*1</sup>
Less than 100	233	4.758	1,875	0.001
100 to 1,000	1,427	29.140	962,785	0.412
1,001 to 10,000	2,475	50.541	10,769,544	4.608
10,001 to 100,000	670	13.682	19,178,850	8.206
100,001 to 11,685,487 <sup>*2</sup>	90	1.838	63,531,366	27.184
11,685,488 <sup>*3</sup> and above	2	0.041	139,265,343	59.589
<b>TOTAL</b>	<b>4,897</b>	<b>100.000</b>	<b>233,709,763</b>	<b>100.000</b>

Notes:

- \* 1. Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 29 March 2024.
- 2. Less than 5% of issued shares.
- 3. 5% and above of issued shares.

## Directors' shareholdings as per the Register of Directors' Shareholdings

Name of Directors	Direct interests (no. of shares)	% of issued capital <sup>(6)</sup>	Indirect/Deemed interest (no. of shares)	% of issued capital <sup>(6)</sup>
1. Mac Chung Hui	3,842,000 <sup>(1)</sup>	1.644	-	-
2. Mac Ngan Boon @ Mac Yin Boon	10,842,913 <sup>(2)</sup>	4.639	152,347,843 <sup>(3)</sup>	65.187
3. Lee Poh Kwee	2,915,000 <sup>(4)</sup>	1.247	-	-
4. Mazlan bin Abdul Hamid	2,449,600 <sup>(5)</sup>	1.048	-	-

Notes:

- 1. Certain shares held through Maybank Securities Nominees (Tempatan) Sdn Bhd.
- 2. Shares held through RHB Capital Nominees (Tempatan) Sdn Bhd, HLB Nominees (Tempatan) Sdn Bhd and Affin Hwang Nominees (Tempatan) Sdn Bhd
- 3. Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his substantial interests in Muhibbah Engineering (M) Bhd and the shares held by his wife and children pursuant to Section 59(11)(c) of the Companies Act 2016.
- 4. Shares held through HLB Nominees (Tempatan) Sdn Bhd and RHB Capital Nominees (Tempatan) Sdn Bhd.
- 5. Certain shares held through Maybank Nominees (Tempatan) Sdn Bhd.
- 6. Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 29 March 2024.

## Analysis of Shareholdings as at 29 March 2024

Cont'd

**Shares in related corporation**

The interest of the Company's Directors in related companies are disclosed in the Directors' Report for the year ended 31 December 2023 enclosed in this Annual Report.

**Options in the Company**

The employee's share options held by the Directors in the Company are disclosed in Directors' Report for the year ended 31 December 2023 enclosed in this Annual Report.

**Substantial Shareholdings as per the Register of Substantial Shareholders**

Name	Direct interests (no. of shares)	% of issued capital <sup>(3)</sup>	Deemed interest (no. of shares)	% of issued capital <sup>(3)</sup>
1. Muhibbah Engineering (M) Bhd	150,609,043	64.443	-	-
2. Mac Ngan Boon @ Mac Yin Boon	10,842,913 <sup>(1)</sup>	4.639	150,609,043 <sup>(2)</sup>	64.443

**Notes:**

- Shares held through RHB Capital Nominees (Tempatan) Sdn Bhd, HLB Nominees (Tempatan) Sdn Bhd and Affin Hwang Nominees (Tempatan) Sdn Bhd.
- Deemed interest pursuant to Section 8 of the Company Act 2016 by virtue of his substantial interests in Muhibbah Engineering (M) Bhd.
- Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 29 March 2024.

**List of thirty (30) largest shareholders**

No.	Name of Shareholders	No. of Shares held	% of issued capital*
1	Muhibbah Engineering (M) Bhd	98,000,000	41.932
2	Muhibbah Engineering (M) Bhd	41,265,343	17.657
3	Muhibbah Engineering (M) Bhd	11,343,700	4.854
4	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mac Ngan Boon @ Mac Yin Boon	5,264,000	2.252
5	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mac Ngan Boon @ Mac Yin Boon	4,100,000	1.754
6	Mac Chung Hui	3,742,000	1.601
7	Noriyati Binti Hassan	2,686,700	1.150
8	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Poh Kwee	2,635,000	1.127
9	Teo Chang Hock	2,477,000	1.060
10	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	2,434,225	1.042
11	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mazlan Bin Abdul Hamid	2,383,600	1.020

## Analysis of Shareholdings as at 29 March 2024

Cont'd

## List of thirty (30) largest shareholders (cont'd)

No.	Name of Shareholders	No. of Shares held	% of issued capital*
12	Neoh Choo Ee & Company, Sdn. Berhad	1,540,000	0.659
13	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Mac Ngan Boon @ Mac Yin Boon	1,360,913	0.582
14	Maybank Securities Nominees (Tempatan) Sdn Bhd Ooi Sen Eng	1,356,000	0.580
15	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	1,148,475	0.491
16	OREC Engineering Holdings Pty Ltd	900,000	0.385
17	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For Dbs Bank Ltd (SFS)	804,700	0.344
18	Liew Yoon Yee	750,000	0.321
19	Teoh Yong Churn	718,600	0.307
20	Maybank Securities Nominees (Tempatan) Sdn Bhd Chew Keng Siew	700,000	0.300
21	Harmony Effective Sdn Bhd	679,500	0.291
22	Harmony Effective Sdn Bhd	653,600	0.280
23	Maybank Securities Nominees (Tempatan) Sdn Bhd Mac Chung Jin	600,000	0.257
24	Lee Lin Tuan	530,446	0.227
25	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hung Yew Loong (E-JBU)	500,000	0.214
26	Dynaquest Sdn. Bhd.	485,000	0.208
27	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd For Little Rain Assets Limited	482,000	0.206
28	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Neoh Choo Ee & Company Sdn.Berhad (SL)	470,000	0.201
29	Shenandoah Chong Shin Kwek	470,000	0.201
30	Platigold Sdn Bhd	430,000	0.184
		<b>190,910,802</b>	<b>81.687</b>

## Note:

\* Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 29 March 2024.



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Second Annual General Meeting (“**AGM**”) of Favelle Favco Berhad (“**FFB**” or the “**Company**”) will be conducted on a fully virtual meeting entirely through live streaming and online remote participation and voting from an online meeting platform on **Wednesday, 12 June 2024 at 11.00 a.m.** using the Remote Participation and Voting (“**RPV**”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via the TIH Online website at <https://tiah.online>, for the purpose of considering and if thought fit, passing the following resolutions:

## Agenda

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon. Please refer to (Explanatory Note 1)
2. To approve the declaration of a first and final tax-exempt dividend of 9.0 sen per ordinary share in respect of the financial year ended 31 December 2023. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire by rotation pursuant to Article 85 of the Constitution of the Company:-
  - (i) Mr. Mac Ngan Boon @ Mac Yin Boon; and **Ordinary Resolution 2**
  - (ii) Ms. Lee Poh Kwee. **Ordinary Resolution 3**  
(Explanatory Note 2)
4. To approve the payment of Directors’ fees and benefits payable up to an amount of RM1,000,000.00, from 13 June 2024 until the next AGM of the Company. **Ordinary Resolution 4**  
(Explanatory Note 3)
5. To re-appoint Messrs Crowe Malaysia PLT as the Company’s Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

### As Special Business

To consider and, if thought fit, with or without modification to pass, the following resolutions:-

6. **Authority for Encik Sobri Bin Abu to continue in office as an Independent Director of the Company** **Ordinary Resolution 6**  
(Explanatory Note 4)

“**THAT** authority be and is hereby given for Encik Sobri Bin Abu, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue act as an Independent Director of the Company until the conclusion of the next AGM, in accordance with the Malaysian Code on Corporate Governance (“**MCCG**”).

## Notice of Annual General Meeting

Cont'd

### 7. Proposed Renewal of Authority for Share Buy-Back

**Ordinary Resolution 7**  
(Explanatory Note 5)

**“THAT** subject to the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Bursa Securities”**), Companies Act 2016 (**“the Act”**), and the Constitution of the Company, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company through Bursa Securities (**“Proposed Share Buy-Back”**), as may be determined by the Directors of the Company from time to time upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued share capital of the Company at any point in time; and
- (ii) the funds allocated by the Company for the Proposed Share Buy-Back shall not exceed the aggregate retained profits of the Company; and
- (iii) the authority conferred by this resolution shall continue to be in force until:-
  - (a) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, whether unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first.

**THAT** the Directors of the Company be and are hereby authorised to deal with the shares purchased in the following manner:-

- (a) cancel all the shares so purchased; and/or
- (b) retain the shares so purchased as treasury shares, for distribution as share dividends to the shareholders and/or resell on the market of Bursa Securities; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

**AND THAT** the Directors of the Company be and are hereby authorised to give effect to the Proposed Share Buy-Back with full power to assent to any modifications and/or amendments as may be required by the relevant authorities.”

8. **Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 8**  
(Explanatory Note 6)

**“THAT** subject to the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given for the Renewal of the Existing Shareholders' Mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.1.2 of the Statement/Circular to Shareholders (**“Circular”**) dated 26 April 2024 provided that such transactions are undertaken in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interests of the minority shareholders of the Company (**“Proposed Shareholders' Mandate”**).

**THAT** the Proposed Shareholders' Mandate conferred by this resolution shall continue to be in force until:-

- a) the conclusion of the next AGM of the Company at which time it will lapse, unless by ordinary resolution passed at the next AGM, the Proposed Shareholders' Mandate is renewed; or
- b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by an ordinary resolution passed by the Company's shareholders in a general meeting,

whichever is the earliest.

**AND THAT** the Directors of the Company be and are hereby authorised to take all steps and to do all such acts and deeds as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate.”

9. To transact any other business of which due notice shall have been given.

**BY ORDER OF THE BOARD**

**TEW SIEW CHONG (SSM PC No. 202008003861) (MIA 20729)**

**IRENE CHOE MEE KAM @ IRENE CHOW MEE KAM (SSM PC No. 202008003930) (MIA16775)**

**TIA HWEI PING (SSM PC No. 202008001687) (MAICSA 7057636)**

Company Secretaries

Selangor Darul Ehsan

26 April 2024

## Notice of Annual General Meeting

Cont'd

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 60(d) or (e) of the Constitution of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities, a Record of Depositors as at 4 June 2024 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.

### Notes:

1. *The Thirty-Second AGM shall be conducted fully virtual and the broadcast venue is strictly for the purpose of compliance with Section 327(2) of the Act which requires the Chairman to be present at the meeting venue. Members who wish to attend the Thirty-Second AGM will have to register online and attend remotely. Please follow the procedures provided in the Administrative Notes for the Thirty-Second AGM on the registration and voting process for the meeting.*
2. *A member entitled to attend, participate, speak and vote remotely at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote remotely in his/her stead. Each proxy appointed, shall represent a minimum of one hundred (100) shares. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.*
3. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must reach the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM:*
  - i. *In hardcopy form*  
*The Proxy Form may be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01 Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.*
  - ii. *By electronic means*  
*The Proxy Form can be electronically lodged with the Company's Share Registrar via the TIH Online website at <https://tiah.online>. Please refer to the Administrative Notes for the AGM on the appointment and registration of proxy for the AGM.*
6. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

## Notice of Annual General Meeting

Cont'd

7. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
- i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, resolutions set out in this Notice will be put to vote by way of poll.

### **Explanatory Notes to the Agenda**

1. **Agenda Item 1 - Audited Financial Statements for the Financial Year Ended 31 December 2023**  
The Audited Financial Statements in Agenda 1 is intended for discussion only as the provision of the Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

2. **Ordinary Resolutions 2 and 3: Re-election of Directors**  
The profiles of the Directors who are standing for re-election under item 3 of this Agenda are set out in the Board of Directors' profile of the Annual Report 2023.

Based on the recommendation of the Nominating Committee, the Board of Directors ("the Board") is satisfied with the performance and contributions of the following Directors and supports the re-election based on the following justifications:

**(a) Re-election of Mr. Mac Ngan Boon @ Mac Yin Boon as Director**

In accordance with Article 85 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Mr. Mac Ngan Boon @ Mac Yin Boon, who was appointed as a Director of the Company on 23 March 1993, retires by rotation pursuant to Article 85 of the Company's Constitution and being eligible, has offered himself for re-election at the Thirty-Second AGM.

Shareholders' approval is sought for the re-election of Mr. Mac Ngan Boon @ Mac Yin Boon, Ordinary Resolution 2. The profile of Mr. Mac Ngan Boon @ Mac Yin Boon is listed in the Profile of Directors section.

**(b) Re-election of Ms. Lee Poh Kwee as Director**

In accordance with Article 85 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Ms. Lee Poh Kwee, who was appointed as a Director of the Company on 24 January 2003, retires by rotation pursuant to Article 85 of the Company's Constitution and being eligible, has offered herself for re-election at the Thirty-Second AGM.

Shareholders' approval is sought for the re-election of Ms. Lee Poh Kwee, Ordinary Resolution 3. The profile of Ms. Lee Poh Kwee is listed in the Profile of Directors section.

3. **Ordinary Resolution 4: Approval for payment of Directors' fees and benefits**  
Section 230(1) of the Act provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, shareholders' approval shall be sought at the forthcoming Thirty-Second AGM on the Directors' fees and benefits under Ordinary Resolution 4. The Directors' benefits comprise meeting allowances, travelling allowances and other benefits such as directors' and officers' liability insurance.

## Notice of Annual General Meeting

Cont'd

### 4. **Ordinary Resolution 6: Authority for Encik Sobri Bin Abu to continue in office as Independent Director of the Company**

Encik Sobri Bin Abu ("Encik Sobri") was appointed as an Independent Non-Executive Director of the Company on 15 May 2014 and has served for a cumulative term of more than nine (9) years. In accordance with the MCCG, the Nominating Committee and the Board, after having assessed the independence of Encik Sobri, consider him to be independent based on amongst others, the following justifications and recommend that Encik Sobri be retained as an Independent Director of the Company:-

- (a) He has met the independence criteria set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and therefore, he would be able to give independent opinion to the Board;
- (b) Being director for more than nine (9) years has enabled him to contribute positively during deliberations/discussions at meetings as he is familiar with the operations of the Company and possess tremendous insight and knowledge of the Company's operations;
- (c) He has contributed sufficient time and exercised due care during his tenure as Independent Director;
- (d) He has discharged his professional duty in good faith and also in the best interest of the Company and shareholders;
- (e) He has vigilantly safeguarded the interests of the minority shareholders of the Company;
- (f) He has the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner;
- (g) He has never compromised on his independent judgement;
- (h) He has provided objective views on the performance of the Executive Directors and Management in meeting the agreed goals and objectives; and
- (i) He has ensured that there were effective checks and balances in Board proceedings.

Encik Sobri has abstained from deliberating on any decision on his own retention as Independent Director at the relevant Nominating Committee and Board meetings.

Pursuant to the MCCG, the Company would adopt a two-tier voting process in seeking the annual shareholders' approval to retain an Independent Director beyond nine (9) years for best practice of corporate governance.

### 5. **Ordinary Resolution 7: Proposed Renewal of Authority for Share Buy-Back**

For Ordinary Resolution 7, the detailed information on the Proposed Renewal of Authority for Share Buy-Back Authority is set out in the Circular to Shareholders dated 26 April 2024.

### 6. **Ordinary Resolution 8: Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

For Ordinary Resolution 8, the detailed information on the Proposed Shareholders' Mandate is set out in Circular to Shareholders dated 26 April 2024.

#### *Personal data privacy:*

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

# FAVELLE FAVCO BERHAD

Registration No.: 199201017739 (249243-W) (Incorporated in Malaysia)

## PROXY FORM

\*I/\*We \_\_\_\_\_  
(Full Name as per NRIC/Certificate of Incorporation in Capital letters)

NRIC No. /Passport No. /Company No. \_\_\_\_\_

of \_\_\_\_\_  
(Full Address)

being a member/members of **FAVELLE FAVCO BERHAD ("the Company")**, hereby appoint Mr/Ms \_\_\_\_\_

\_\_\_\_\_ NRIC No. /Passport No. \_\_\_\_\_

of \_\_\_\_\_  
(Full Address)

with Email Address \_\_\_\_\_ Mobile No. \_\_\_\_\_

AND Mr/Ms \_\_\_\_\_

NRIC No. /Passport No. \_\_\_\_\_

of \_\_\_\_\_  
(Full Address)

with Email Address \_\_\_\_\_ Mobile No. \_\_\_\_\_

OR failing whom, the Chairman of the Meeting as \*my/\*our proxy/proxies to participate, speak and to vote remotely for \*me/\*us on \*my/\*our behalf at the Thirty-Second Annual General Meeting of the Company which will be conducted on a fully virtual meeting entirely through live streaming and online remote participation and voting from an online meeting platform using Remote Participation and Voting ("**RPV**") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via the TIH Online website at <https://tih.online> on Wednesday, 12 June 2024 at 11.00 a.m. and at any adjournment thereof.

The Proportions of \*my/\*our holding to be represented by \*my/\*our proxies are as follows :

Proxy 1	%	Proxy 2	%	100%

\*My/\*Our proxy(ies) is/are to vote as indicated below :-

Resolution No.	Ordinary Business :	For	Against
1.	To approve the declaration of a first and final tax-exempt dividend of 9.0 sen per ordinary share.		
2.	To re-elect Mr. Mac Ngan Boon @ Mac Yin Boon as Director of the Company.		
3.	To re-elect Ms. Lee Poh Kwee as Director of the Company.		
4.	To approve the payment of Directors' fees and benefits payable up to an amount of RM1,000,000.00 from 13 June 2024 until the next Annual General Meeting of the Company.		
5.	To re-appoint Messrs Crowe Malaysia PLT as the Company's Auditors and to authorise the Directors to fix their remuneration.		
	<b>Special Business :</b>		
6.	Authority for Encik Sobri Bin Abu to continue in office as an Independent Director of the Company.		
7.	To approve the Proposed Renewal of Authority for Share Buy-Back.		
8.	To approve the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with (X) on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this ..... day of ..... 2024  
[\*Delete if not applicable] \_\_\_\_\_  
[Signature/Common Seal of Shareholder(s)]

### Notes:

- The Thirty-Second Annual General Meeting ("**AGM**") shall be conducted fully virtual and the broadcast venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 ("**the Act**") which requires the Chairman to be present at the meeting venue. Members who wish to attend the Thirty-Second AGM will have to register online and attend remotely. Please follow the procedures provided in the Administrative Notes for the Thirty-Second AGM on the registration and voting process for the meeting.
- A member entitled to attend, participate, speak and vote remotely at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote remotely in his/her stead. Each proxy appointed, shall represent a minimum of one hundred (100) shares. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
- Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must reach the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM:
  - In hard copy form  
The Proxy Form may be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01 Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - By electronic means  
The Proxy Form can be electronically lodged with the Company's Share Registrar via the TIH Online website at <https://tih.online>. Please refer to the Administrative Notes for the AGM on the appointment and registration of proxy for the AGM.
- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower

A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

- For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, resolutions set out in this Notice will be put to vote by way of poll.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**FAVELLE FAVCO BERHAD**

199201017739 (249243-W)

**Share Registrar**

**Tricor Investor & Issuing House Services Sdn Bhd**

Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

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