

**FAVELLE FAVCO BERHAD**  
Registration No.: 199201017739 (249243-W)  
(Incorporated in Malaysia)

**MINUTES OF THE TWENTY-NINTH ANNUAL GENERAL MEETING (“29TH AGM”) OF THE COMPANY HELD FULLY VIRTUAL VIA REMOTE PARTICIPATION AND VOTING AT THE ONLINE MEETING PLATFORM OF TIIH ONLINE ON TUESDAY, 29 JUNE 2021 AT 10.30 A.M.**

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**PRESENT** : As per the Attendance List

**AGM29/1 PRELIMINARY**

Tan Sri A. Razak bin Ramli (“Tan Sri A. Razak” or “the Chairman”), the Chairman of the Company took the Chair and welcomed everyone to the Meeting. The Chairman then introduced the Board members to everyone and informed that the External Auditors, scrutineers and the Company Secretaries were also in the Meeting.

The Chairman highlighted that the virtual Annual General Meeting (“AGM”) held through the online platform was in accordance with Section 327 of the Companies Act 2016 (“CA 2016”) and the Company’s Constitution.

The Chairman requested the shareholders to raise questions that are kept strictly to the agenda as specified in the notice of the meeting, and that recording of any form on today’s Meeting was prohibited.

**AGM29/2 QUORUM**

The requisite quorum being present pursuant to Article 63 of the Company's Constitution, the Chairman declared the Meeting duly convened at 10.30 a.m.

**AGM29/3 SUMMARY OF PROXY RECEIVED**

Based on the Poll Administrator Report, the shareholders of 157,103,903 shares have lodged their proxies within the stipulated time and the holders of 156,766,293 shares have appointed the Chairman of the meeting to be their proxy.

**AGM29/4 NOTICE OF MEETING**

The Notice of Meeting having been circulated to shareholders and published in “The Star” newspaper on 31 May 2021 was taken as read. Only members whose names appeared in the Record of Depositors on 18 June 2021 were eligible to attend the meeting.

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**AGM29/5 POLLING AND VOTING PROCEDURES**

The Meeting noted that in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Meeting would be conducted by poll.

The Chairman informed that the Company has appointed Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) to conduct the poll voting electronically and Cooper Professional Scrutineers Sdn Bhd as Scrutineer to verify the poll results. The poll on the resolutions would be taken at the end of the Meeting.

The representative of Tricor, the Poll Administrator, briefed the Meeting on the voting procedure via RPV.

The Meeting noted that the voting session was currently available until the closure of the voting session. The results of the poll voting and declaration of resolutions would be reflected on the screen after the Scrutineers have verified the poll results upon the closure of the voting session.

The Meeting noted that there were questions submitted to the Company prior to the Meeting. The shareholders and proxies are welcomed to raise any questions in real time by transmitting question via the Query Box function. The Board would endeavour to respond to all questions submitted during question & answer (“Q&A”) session after the conclusion of agenda of the Meeting.

**ORDINARY BUSINESS**

**AGM29/6 AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 AND THE REPORTS OF THE DIRECTORS AND AUDITORS**

The Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon, were tabled for discussion.

The Chairman informed the shareholders that the Audited Financial Statements for the financial year ended 31 December 2020 were intended for discussion only as the provision of the Section 340(1) of the Companies Act 2016 requires the accounts and reports by the Directors be laid before the members at the Annual General Meeting (“AGM”). There is no requirement for a formal approval of the shareholders and hence, it would not put for voting.

The Chairman declared the Audited Financial Statements have been duly received and adopted.

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**AGM29/7      ORDINARY RESOLUTION 1  
FIRST AND FINAL TAX EXEMPT DIVIDEND**

The Chairman proceeded to the second item of the Agenda which was to approve a first and final tax exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2020.

The Chairman put the motion to vote by poll later.

**AGM29/8      ORDINARY RESOLUTIONS 2, 3 AND 4  
RE-ELECTION OF DIRECTORS RETIRING PURSUANT TO ARTICLE  
85 OF THE COMPANY'S CONSTITUTION**

The Chairman informed the Meeting that resolutions no. 2, 3 and 4 were on the re-election of Directors who retire pursuant to Article 85 of the Company's Constitution.

The Chairman informed the Meeting that the retiring Directors have offered themselves for re-election.

**Ordinary Resolution 2 - Re-election of Mr. Mac Ngan Boon @ Mac Yin Boon**

As Tan Sri A. Razak was one (1) of the Directors seeking for retention, the Chairmanship was then handed to Mr. Mac Chung Hui ("Mr. Mac CH"), the Managing Director/Chief Executive Officer of the Company to chair this segment of the Meeting.

Mr. Mac CH put the motion to vote by poll later.

**Ordinary Resolution 3 - Re-election of Tan Sri Dato' Seri Ahmad Ramli Bin Haji Mohd Nor**

Mr. Mac CH put the motion to vote by poll later.

**Ordinary Resolution 4 - Re-election of Tan Sri A. Razak Bin Ramli**

Mr. Mac CH put the motion to vote by poll later.

**AGM29/9      ORDINARY RESOLUTION 5  
APPROVAL FOR THE PAYMENT OF DIRECTORS' FEES AND  
BENEFITS PAYABLE OF RM1,000,000.00 FROM 30 JUNE 2021 UNTIL  
THE NEXT AGM OF THE COMPANY**

The Chairman proceeded to the next item on the Agenda, which was to approve the payment of directors' fees and benefits payable of RM1,000,000.00 from 30 June 2021 until the next AGM of the Company.

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The Chairman put the motion to vote by poll later.

**AGM29/10 ORDINARY RESOLUTION 6  
RE-APPOINTMENT OF AUDITORS**

The Chairman informed the Meeting that the retiring Auditors, Messrs. Crowe Malaysia PLT had indicated their willingness to continue in office as Auditors of the Company for the ensuing year 31 December 2020.

The Chairman put the motion to vote by poll later.

**SPECIAL BUSINESS**

**AGM29/11 ORDINARY RESOLUTIONS 7 AND 8  
RETENTION OF INDEPENDENT DIRECTORS**

The Chairman proceeded to the first agenda item under special business which was to seek shareholders' approval on the retention of independent Directors.

**Ordinary Resolution 7 - Retention of Tan Sri A. Razak bin Ramli**

As Tan Sri A. Razak was one (1) of the Directors seeking for retention, the Chairmanship was then handed to Mr. Mac CH to chair this segment of the Meeting.

Mr. Mac CH informed the shareholders that Tan Sri A. Razak bin Ramli and Tan Sri Dato' Seri Ahmad Ramli bin Haji Mohd Nor, the Directors who retire and being eligible have offered themselves for retention as Independent Directors.

The Board considered them to be independent and opined that they should be retained as Independent Non-Executive Directors in light of their years of experiences and invaluable contributions to the Company.

Mr. Mac CH put the motion to vote by poll later.

**Ordinary Resolution 8 - Re-appointment of Tan Sri Dato' Seri Ahmad Ramli bin Haji Mohd Nor**

Mr. Mac CH put the motion to vote by poll later.

**AGM29/12 ORDINARY RESOLUTION 9  
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

The Chairman proceeded to the second item under special business which was to seek shareholders' approval on the Proposed Renewal of Authority for Share Buy-Back, as detailed in the Statement to Shareholders dated 31 May 2021.

The Chairman put the motion to vote by poll later.

**AGM29/13 ORDINARY RESOLUTION 10  
PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS'  
MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS  
OF A REVENUE OR TRADING NATURE (“PROPOSED  
SHAREHOLDERS’ MANDATES”)**

The Chairman proceeded to the last item under special business which was to seek approval from shareholders for the proposed renewal of the existing shareholders’ mandate for recurrent related party transactions of a revenue or trading nature, as detailed in the Circular to Shareholders dated 31 May 2021.

After concluding all items of the Agenda, the Chairman proceeded to the Question and Answer (“Q&A”) session and invited Mr. Mac CH to answer the questions posted by the shareholders.

**AGM29/14 QUESTION AND ANSWER SESSION**

In response to several questions raised by the shareholders, Mr. Mac CH replied that :-

**PRE-MEETING QUESTIONS AND ANSWERS**

A1: **Question:** Will the Group provides door gift, including e-vouchers, food voucher or Touch ‘n Go e-wallet reload pin to the participants?

**Answer:** The Group has decided not to provide any e-vouchers, food voucher or Touch ‘n Go e-wallet reload pin. This is consistent with the current cost cutting measures of the Group due to the Covid-19 pandemic.

A2: **Question:** (a) In view of wind turbine as a source of sustainable new energy is progressing strongly in United States of America (“US”) and Europe, how the Group position itself to capture the opportunities in the highly competitive markets in the offshore wind farms installation, as the source of sustainable new energy, wind energy, has been progressing strongly in US and Europe? (b) What is the Group’s position as crane supplier for offshore wind farms?

**Answer:** (a) The Group has been delivering several cranes to the offshore wind market in the past. Besides, the offshore wind market is European-centric market, and the suppliers of the cranes have also been European-centric due to the market demands. (b) The Group is working hard in the sector and is hoping for some good news on the works for offshores wind farm.

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A3: **Question:** (a) In view of oil and gas is expected to reduce due to the re-focus on renewal energy, what are the steps to be taken by the Management to diversity or expand its business? (b) Why the Group did not response to the email to investor relations (“IR”) on the request of Minutes of previous Annual General Meetings of the Company? (c) Why the Group did not publish the Minutes of Annual General Meetings on its website?

**Answer:** (b) The capital expenditure on oil and gas is expected to plateau, and it may reduce over a long period of time as it is shifting towards renewable sector. In response, the Group would adopt to the changes. Besides, the Group’s revenue onshore wind turbines have slowed down mainly impacted by the Covid-19 pandemic. Exact Automation Sdn Bhd (“Exact Automation”) has also been involved in providing solar wind turbine hybrid solutions for the offshore platform. Furthermore, the Group is exploring to take the expertise onto land-based solar, including large-scale solar and factory installation. (b) The Management has checked the IR email, however, did not received any email from the shareholder. (c) The Group would publish the Minutes of Twenty-Ninth Annual General Meeting held on 29 June 2021 on Company’s website, in compliance with the recommendation of Malaysian Code on Corporate Governance.

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A4: **Question:** (a) Based on Page 7 of the Annual Report 2020 (“AR 2020”), the AR 2020 states that almost two (2) months’ worth of production is lost due to lockdown, whether the current Full Movement Control Order (“MCO”) has the same impact as the first MCO? (b) Whether the Group’s revenue is highly correlated to the oil prices? (c) In view of 75% of the Company’s revenue are derived overseas with reference to page 100 of the AR 2020, what is the group plan to expand the domestic market shares? (d) Does the Group has sufficient cash to cover the operating expenses in the event if the government continues to implement various MCO versions to tackle the Covid-19 and assuming that the Company’s revenue for the current year would be reduced by 50%? (e) Based on page 7 of the AR 2020, please clarify on the Group’s performance on the Intelligent Automation division which recorded a drop of 20% of revenue in the year 2020 and Group’s intention to expand the business segment to overseas market.

**Answer:** (a) There was an adverse impact to the Group due to the full MCO, and the Group was trying to mitigate the impact as much as possible. The Group expected that the revenue will not be as impactful as the first MCO. In view that the Government allowed up to 60% of workforce to work from the office, the Company is able to catch up with the specific orders and is expected to be recovered by the end of the year. (b) The Group’s revenue is not directly correlated to the oil prices, but the revenue is related to the investment decisions of oil and gas customers. In view thereof, the Group is correlated to stable oil prices than actual oil prices. In the year 2020, the Group’s revenue was represented approximately by 50% oil and gas and 50% tower cranes. (c) The Group have a relatively high proportion of domestic market shares in oil and gas sector. On the other hand, due to the mismatch of domestic demands and targeted market segment on cranes, the Group continue to penetrate domestic market and tower cranes. However, the Group would continue to focus on overseas market in view of the higher scalability. (d) The Group did not expect the 2021’s revenue will drop by 50%, however, the Management have plan in place and will always take measures to mitigate the decrease in revenue if it happens. Moreover, the Group is being cautious during the Covid-19 pandemic period. As a result, the Group managed to remain profitable for the financial year ended 2020 despite the challenges of Covid-19 pandemic. (e) In relation to the question on Intelligent Automation, the Management remained optimistic on the Intelligent Automation division. This revenue drop was lower than the crane business and performed relatively better than the crane business. The drop of revenue in Intelligent Automation division was temporary due to the Covid-19 and the revenue is expected to bounce back after heavy pandemic hit. In relation to the expansion of the Intelligent Automation business segment in overseas market, there are plans to expand globally in overseas market. Besides, the Group managed to enter into Indonesia market with solar wind turbine installation.

### **LIVE QUESTIONS AND ANSWERS**

A5: **Question:** (a) The breakdown of the current order book of RM534.0 million. (b) Whether the Management was expecting more offshore platforms to adopt the hybrid solution? (c) Does the Group expect the recovery in works available for tender? (d) Comment on the outlook of the Group in Fiscal Year 2021?

**Answer:** (a) The oil and gas division represented 76% of the order book, and 73% of the order books are derived from the overseas market. (b) The Group have had several installations in Malaysia and target to achieve five (5) to six (6) installations per annum. (c) There are upcoming tenders and orders. However, the work has not commenced yet due to the Covid-19 pandemic. (d) In relation to the outlook of the Group in Fiscal Year 2021, the Group was relatively neutral as compared to the year 2020 with a slight improvement of revenue.

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A6: **Question:** (a) What is the new external business that the Group is exploring any acquisition plans? (b) What are the potential size and the source of funds for the acquisition? (c) What is the amount of capital expenditure for Fiscal Year 2021? (d) Kindly explain further on the investment of the Company in rental fleet. (e) Does the Management expects the low order intake trend and situation to be prolonged? (f) What is the new jobs target of the Group for the year 2021? (g) What are the impacts of increasing steel price and freight cost to the Group, and the estimated quantum to profitability?

**Answer:** (a) The Group is constantly looking for new potential business and acquisitions, however, it would only be announced to the public in due course, once any transaction is confirmed. (b) The potential size varies from approximately RM10.0 million to RM100.0 million. In relation to the source of funds, the Group would deploy the cash in hand amounting to approximately RM300.0 million or might source from loans with low-interest rates for the expansion of new business and acquisitions. (c) The Group expect a lower capital expenditure in Fiscal Year 2021 as compared to 2020. (d) The Group has been investing in rental fleet which was mainly in Europe earning a decent return, and rental business of the Group remained promising and stable. (e) The order intake in the year 2021 has improved as compared to the year 2020. (f) The cranes business was expected to improve from the year 2020 and targeted to reach above RM200.0 million order intake in 2021. (g) The Group would minimize any transportation to save cost when possible without suspending the production of the factory. (h) In relation to the estimated quantum to profitability, the quantum has not been determined yet due to the steels were purchased before the increase of steel prices for most of the orders on cranes. In relation to the increase in steel price, the increase in steel price would impact the future orders. In response, the Group had increased the prices for future orders. Besides, the increased price would not affect the Group's competitive advantage in view of the global price increased from competitors. Moreover, the Group also innovates in the crane's design to reduce the steel with the latest design software, and managed to reduce the steel weight of a crane by approximately 25%, in order to mitigate the impact on increased steel prices.

A7: **Question:** In view of the decrease in dividend for the financial year 2020 due to lower profits and Covid-19 pandemic, will the dividend increase if the profits increase?

**Answer:** The dividend for the financial year 2020 was approximately 40% of the net profit, which was similar to the financial year ended 2019.

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A8: **Question:** What are the strategies of Group to encourage the participation of young and new shareholders?

**Answer:** The Group do not have any plans or strategies in these areas currently and besides, the Company welcome all shareholders equally.

A9: **Question:** (a) What are the reasons of the increase in RM21.2 million of inventories despite the drop in the Group's revenue in the year 2020 of approximately 19%? (b) The net impairment reversal amounting to RM14.9 million in the year 2020 as compared to RM9.7 million provision for impairment in the year 2019, what are the reasons for the reversal and the yearly fluctuation of impairment?

**Answer:** (a) The increase of inventories was mainly due to the on-hold or canceled cranes and long lead items. Besides, the inventories are the steels and components-related without shelf life, and the Group would continue to utilise inventories over time. (b) The impairment of the Group is in accordance to the Financial Reporting Standards, mainly attributed to the credit risk, market, ageing, and debtor's collection. Furthermore, there was no added credit risk.

A10: **Question:** What are the order uptake from January 2021 to 29 June 2021?

**Answer:** The order uptake for the said period was approximately RM175.0 million as compared to approximately RM170.0 million in the full year 2020.

A11: **Question:** Kindly explain on the investment of RM63.0 million in crane assets for the year as compared to the average capital expenditure in the crane segment over the previous years.

**Answer:** The Group has been investing about RM40.0 million to RM60.0 million in the crane rental business over the last five (5) years.

A12: **Question:** Please justify on the directors' fees amounting to RM1.0 million during this challenging period.

**Answer:** The Group has implemented a salary pay cut of all employees, from the top to bottom, including Directors' salary effective from 1 January 2021 as part of the cost cutting efforts taking into consideration of slow order intakes in the year 2020 that would impact the Company in the year 2021. Furthermore, the Management have been actively engaged and occupied with business activities.

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A13: **Question:** (a) What is the cost of the virtual AGM. (b) Is there any door gifts will be distributed?

**Answer:** (a) The cost of the virtual AGM is approximately RM18,000. (b) In relation to the door gifts, the Company has decided not to provide any door gifts this year in line with the cost cutting efforts and streamlining policy.

There being no further question, the Chairman put the motion to vote by poll later.

**AGM29/15 POLLING PROCESS**

For the polling process, the Chairman declared the closure of the registration for attendance at the Twenty-Ninth Annual General Meeting.

The Chairman adjourned the Twenty-Ninth Annual General Meeting for approximately 20 minutes for the polling process.

**AGM29/16 ANNOUCEMENT OF POLL RESULTS**

The Twenty-Ninth Annual General Meeting was re-convened and the Chairman called the meeting to order for the declaration of the results. The Chairman informed the shareholders that Cooper Professional Scrutineers Sdn Bhd had verified the poll voting results and that the poll voting results have been tabulated and as projected on the screen in the meeting room. The poll voting results is attached herewith as Annexure A.

Based on the poll results verified by the Scrutineers, the Chairman announced that all the resolutions tabled at the Twenty-Ninth Annual General Meeting of the Company had been duly carried.

**AGM29/17 CONCLUSION**

There being no further business, the Chairman declared the Meeting closed at 12.20 p.m. and thanked all present at the Meeting.

**SIGNED AS A CORRECT RECORD  
OF THE PROCEEDING THEREAT**

**CHAIRMAN**

# **ANNEXURE A**

**29<sup>th</sup> AGM**

**Poll Results**

**FAVELLE FAVCO BERHAD**  
(249243-W)

**Twenty-Ninth Annual General Meeting**  
Online Meeting Platform via TIIH Online website at

<https://tiih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia  
On 29-June-2021 at 10:30AM

**Result On Voting By Poll**

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
<b>Resolution 1</b>	168,242,764	99.9987	2,260	0.0013	168,245,024	100.0000
<b>Resolution 2</b>	158,752,216	99.9957	6,895	0.0043	158,759,111	100.0000
<b>Resolution 3</b>	166,275,829	99.0079	1,666,195	0.9921	167,942,024	100.0000
<b>Resolution 4</b>	166,161,129	98.9396	1,780,895	1.0604	167,942,024	100.0000
<b>Resolution 5</b>	168,124,653	99.9364	106,971	0.0636	168,231,624	100.0000
<b>Resolution 6</b>	168,224,959	99.9899	17,065	0.0101	168,242,024	100.0000
<b>Resolution 9</b>	168,220,259	99.9853	24,765	0.0147	168,245,024	100.0000
<b>Resolution 10</b>	20,897,703	99.9418	12,165	0.0582	20,909,868	100.0000



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**Twenty-Ninth Annual General Meeting**  
Online Meeting Platform via TIH Online website at

<https://tjih.online> provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia  
On 29-June-2021 at 10:30AM

**Result On Voting By Poll - Two Tier**

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
<b><u>Tier 1 - Large Holders</u></b>						
<b>Resolution 7</b>	131,241,043	100.0000	0	0.0000	131,241,043	100.0000
<b>Resolution 8</b>	131,241,043	100.0000	0	0.0000	131,241,043	100.0000
<b><u>Tier 2 - Other Holders</u></b>						
<b>Resolution 7</b>	34,867,082	95.1327	1,783,899	4.8673	36,650,981	100.0000
<b>Resolution 8</b>	34,867,082	95.1327	1,783,899	4.8673	36,650,981	100.0000

