

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

**MINUTES OF THE THIRTY-SECOND ANNUAL GENERAL MEETING (“32ND AGM”) OF FAVELLE FAVCO BERHAD (“FFB” OR “THE COMPANY”) HELD FULLY VIRTUAL VIA REMOTE PARTICIPATION AND VOTING AT THE ONLINE MEETING PLATFORM OF TIIH ONLINE ON WEDNESDAY, 12 JUNE 2024 AT 11.00 A.M.**

---

**PRESENT** : As per the Attendance List

**AGM32/1 PRELIMINARY**

Dato’ Sri Khazali Bin Haji Ahmad (“**Dato’ Sri Khazali**” or “**the Chairman**”), the Chairman of the Board of Directors (“**the Board**”) took the chair and welcomed everyone to the Meeting. The Chairman then introduced the Board members to everyone and informed that the External Auditors, Company Secretaries and Scrutineers 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.

**AGM32/2 QUORUM**

The requisite quorum being present pursuant to Article 63 of the Company's Constitution, the Chairman declared the Meeting duly convened at 11.00 a.m.

**AGM32/3 SUMMARY OF PROXY RECEIVED**

Based on the Poll Administrator Report, the shareholders of 172,505,901 shares have lodged their proxies within the stipulated time and the holders of 171,819,482 shares have appointed the Chairman of the Meeting to be their proxy.

**AGM32/4 NOTICE OF MEETING**

The Notice of Meeting having been circulated to shareholders and published in “The Star” newspaper on 26 April 2024 was taken as read. Only members whose names appeared in the Record of Depositors on 4 June 2024 were eligible to attend the Meeting.

**FAVELLE FAVCO BERHAD**

Registration No.: 199201017739 (249243-W)

Minutes of the Thirty-Second Annual General Meeting held on 12 June 2024 [Cont'd]

**AGM32/5 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 Scrutineers to verify the poll results. The poll on the resolutions would be taken at the end of the Meeting.

Tricor proceeded to provide a video briefing on the voting procedures to the shareholders.

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.

**AGM32/6 MINORITY SHAREHOLDERS WATCH GROUP Q&A**

It was noted that the Company had received questions from the Minority Shareholders Watch Group (“**MSWG**”) before the AGM. Mr. Mac Chung Hui (“**Mr. Mac CH**”) presented to the shareholders the questions raised by MSWG via its letter dated 5 June 2024 along with the Company’s replies. A copy of the presentation is set out in “Annexure A” of this minutes.

**ORDINARY BUSINESS**

**AGM32/7 AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS**

The Audited Financial Statements for the financial year ended 31 December 2023 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 2023 were intended for discussion only as the provision of the Section 340(1) of the CA 2016 requires the accounts and reports by the Directors be laid before the members at the AGM. There is no requirement for formal approval of the shareholders and hence, it would not put for voting.

**FAVELLE FAVCO BERHAD**

Registration No.: 199201017739 (249243-W)

Minutes of the Thirty-Second Annual General Meeting held on 12 June 2024 [Cont'd]

**AGM32/8      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 9.0 sen per ordinary share in respect of the financial year ended 31 December 2023.

The Chairman put the motion to vote by poll later.

**AGM32/9      ORDINARY RESOLUTIONS 2 AND 3  
RE-ELECTION OF DIRECTORS RETIRING BY ROTATION PURSUANT  
TO ARTICLE 85 OF THE COMPANY'S CONSTITUTION**

The Chairman informed the Meeting that Ordinary Resolutions no. 2 and 3 were on the re-election of the following Directors who retire by rotation pursuant to Article 85 of the Company's Constitution, and that the retiring Directors have offered themselves for re-election:-

**Ordinary Resolution 2 - Re-election of Mr. Mac Ngan Boon @ Mac Yin Boon  
Ordinary Resolution 3 - Re-election of Ms. Lee Poh Kwee**

The Chairman put each of the abovementioned motion to vote by poll later.

**AGM32/10    ORDINARY RESOLUTION 4  
APPROVAL FOR THE PAYMENT OF DIRECTORS' FEES AND  
BENEFITS PAYABLE UP TO RM1,000,000.00 FROM 13 JUNE 2024 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 13 June 2024 until the next AGM of the Company.

The Chairman put the motion to vote by poll later.

**AGM32/11    ORDINARY RESOLUTION 5  
RE-APPOINTMENT OF AUDITORS**

The Chairman informed the Meeting that next item on the Agenda was to approve the re-appointment of the retiring Auditors, Messrs Crowe Malaysia PLT which had indicated their willingness to continue in office as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

The Chairman put the motion to vote by poll later.

**SPECIAL BUSINESS**

**AGM32/12 ORDINARY RESOLUTION 6  
RETENTION OF INDEPENDENT DIRECTOR**

The Chairman proceeded to the first agenda item under special business which was to seek shareholders' approval on the retention of Encik Sobri Bin Abu ("Encik Sobri") as Independent Director of the Company, who has served for a cumulative term of more than nine (9) years.

The Chairman informed the Meeting that the Nominating Committee and the Board have assessed Encik Sobri as having met the guidelines on independence as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Chairman put the motion to vote by poll later.

**AGM32/13 ORDINARY RESOLUTION 7  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO  
PURCHASE ITS OWN SHARES**

The Chairman proceeded to the next item under special business which was to seek shareholders' approval on the Proposed Renewal of Authority for the Company to purchase its own ordinary shares of up to 10% of the total number of issued share capital of the Company, as detailed in the Statement to Shareholders dated 26 April 2024.

The Chairman put the motion to vote by poll later.

**AGM32/14 ORDINARY RESOLUTION 8  
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS OF A  
REVENUE OR TRADING NATURE**

The Chairman proceeded to the last item under special business which was to seek shareholders' approval on 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 26 April 2024.

The Chairman put the motion to vote by poll later.

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

**AGM32/15 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:** Physical Annual General Meeting

**Answer:** In considering the health and safety aspect, the Board has decided to conduct this Meeting virtually, similar to last year.

A2: **Question:** Gifts

**Answer:** It is consistent with the cost cutting and streamlining mission of the Group, the Group does not provide e-vouchers/ Touch 'n Go e-wallet reload pin for the AGM.

A3: **Question:** Is FFB interested in participating in sponsorship programmes within the education sector? For instance, would you be open to occasionally financing sponsorships upon application from schools to increase exposure to Environmental, Social and Governance (“ESG”)? If yes, which department or email address should the public contact regarding these Corporate Social Responsibility (“CSR”) programmes?

**Answer:** FFB is open to scholarships and any programs with respect to internships final year projects and placement of students in the Company for industrial exposure. The public should contact the CSR or public relations department, and the best approach to find this information is through FFB’s official website or general contact points.

A4: **Question:** Did Management foresee the growth perspective of Intelligence Automation would be brighter than crane division? Or otherwise?

**Answer:** Both sectors were foreseeable for a brighter growth as both crane division and automation division are good base platform for the Company to expand further. Both sectors have a huge global addressable market and it to be further developed to maximise return to shareholders.

A5: **Question:** What is the most worrying issues Management are facing now? Competitors? Supply chain? Lack of talented people? Forex fluctuation? Receivables?

**Answer:** FFB continue to expect the global work-from-home phenomenon and hence the Management 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, FFB remain adaptable, seeking opportunities for the Company’s heavy lift cranes in other sectors such as infrastructure, construction sectors, wind turbine and shipyard. FFB also anticipate that costs in Malaysia will rise with any potential changes in subsidies policies by the Malaysian government. However, FFB aim to mitigate these impacts through continued productivity improvement measures.

**FAVELLE FAVCO BERHAD**

Registration No.: 199201017739 (249243-W)

Minutes of the Thirty-Second Annual General Meeting held on 12 June 2024 [Cont'd]

A6: **Question:** Which portfolio (type of business) the Management think that will be the main growth driver for the company?

**Answer:** The main growth driver for FFB will mainly be in finding new geographies for FFB's existing products and service support. Nevertheless, whenever FFB go into a new country, FFB see that the Company need to tweak the products offering to cater to the local needs.

A7: **Question:** What is the Management's opinion on the future prospect of the oil and gas segment for the next 3 years?

**Answer:** FFB believes that oil and gas remain a critical component of the global energy mix despite the push for renewable energy sources. FFB acknowledged the trend towards renewable energy is accelerating. However, it is an intermittent source of energy and therefore oil and gas will continue to play a crucial role in the energy mix to ensure a stable supply of energy. As such, the Management believed that the oil and gas segment should be stable for the next 3 years.

**LIVE QUESTIONS AND ANSWERS**

A8: **Question:** What is the Company's future outlook?

**Answer:** FFB's future outlook is consciously optimistic. FFB had received many order books and the Company's future outlook will be relatively stable. There are many opportunities for FFB to grow and FFB is trying to expand the business by entering a new geographic area.

A9: **Question:** FFB's cashflow currently seems healthy, apart from dividends what are the current priorities with the increasing cash balance? Would FFB be paying off the term loans early and reducing the Company's other bank liabilities. Furthermore, would the management consider undertaking share buybacks now considering the Company's share price currently seems reasonable, as this might enhance returns to the shareholders in the long run.

**Answer:** FFB had on 24 May 2024 entered into a Project Development Agreement for the construction of two (2) single-storey logistics warehouses on the Company's land in Australia. This project will cost an approximately AUD 40 million and the payments will be completed by end of 2025 or early 2026. As such, a cash commitment may require some bank loans and internal cash to finance it. For the enquiry on whether FFB will pay off the term loans early, FFB has no plans to repay the term loans early than requirements. Besides that, FFB requests renewal of authority for the Company to purchase its own shares on an annual basis but FFB will not use the available cash for undertaking the share buy-back. The main priority of the Company in the use of cash is to grow the Company in the form of acquisition.

**FAVELLE FAVCO BERHAD**

Registration No.: 199201017739 (249243-W)

Minutes of the Thirty-Second Annual General Meeting held on 12 June 2024 [Cont'd]

A10: **Question:** Does the Company have a dividend policy, especially in terms of the percentage of the net earnings that the Company intend to pay out as dividends?

**Answer:** FFB does not have a formal dividend policy but based on the past distribution, FFB typically pays 30-50% of dividends to the shareholders.

A11: **Question:** FFB was stating in the annual report that the Company's crane business had been hampered recently by the poor sentiment in commercial office spaces and development. That might continue to be an issue for some time to come, thus what other potential markets are the Company exploring to overcome this shortfall in demand?

**Answer:** The poor sentiment in commercial offices spaces and development was due to work from home phenomena. However, the phenomena of work from home were no longer a defeat for the Company due to there was still many of jobs required work from office in Asia market. As such, FFB is looking for new infrastructure, geographic, types of industrial works, services and spare part to overcome the shortfall in demand.

A12: **Question:** What is the breakdown for the oil & gas sector and the non-oil & gas sector in percentage terms? Based on current order books for the Cranes Division, will the Group be able to improve its revenue from FY2023?

**Answer:** The breakdown for oil & gas sector and the non-oil & gas sector in percentage terms will be approximately 65% and 35%. In view of the increased in order books for the Cranes Division, FFB is able to improve the revenue of financial year ending 31 December 2024 compared with the financial year ended 31 December 2023 ("FY2023").

A13: **Question:** Before year 2020, FFB net profit is about 10% of the revenue, but it drops to 7% in recent years. Can the Management clarify on it? Will the Company remains low profit margin for coming years?

**Answer:** FFB's revenue has almost recovered to pre-COVID levels. However, there is a limit for FFB to increase the price of the Company's products due to the customers have changed their preferences, and the cost of raw materials has increased significantly. FFB's profit margin will remains low in the coming years due to the increase of cost in Malaysia.

A14: **Question:** Does increase of diesel price may affect FFB's financially?

**Answer:** The increased in diesel price will indirectly affect the FFB's financial due to supplier will increase their price and the Company will need to make salary adjustment for employees.

**FAVELLE FAVCO BERHAD**

Registration No.: 199201017739 (249243-W)

Minutes of the Thirty-Second Annual General Meeting held on 12 June 2024 [Cont'd]

A15: **Question:** Please breakdown the revenue of crane (sales, rental, maintenance) percentage by country/continent outside Malaysia. For the cranes and intelligent automation, please breakdown revenue percentage by industry segment (e.g oil and gas, shipyard, renewable, construction etc). Please shed some lights on the current competitive landscape of the crane industry. Does the red sea crisis impact FFB?

**Answer:** 80% of revenue from crane was exported to outside Malaysia. The main countries orders of FFB were derived from Korea, Malaysia, Australia and Middle East. For the revenue of intelligence automation, 95% was derived from oil & gas sector and 5% from downstream power. For the revenue of cranes, 60% from oil & gas, 15% from shipyard and the remaining came from construction. The cranes industry was relatively competitive at the moment. Furthermore, the red sea crisis has resulted the increased in shipping prices, which has a minor impact to FFB.

A16: **Question:** The Operating Segments in Notes 32 of the Annual Report on pages 114 to 116 only disclosed the Profit Before Tax on a consolidated basis without any breakdown for the crane and intelligent automation segments. What is the breakdown of Operating Profit for these 2 segments in FY2023? Appreciate that the Company disclose the breakdown in future annual reports in line with best practice as disclosed in other listed issuers' annual reports.

**Answer:** The operating profit for cranes and intelligent automation were RM41.1 million and RM49.0 million. FFB will consider on the disclosure of the breakdown in the annual report in future.

A17: **Question:** Kroll Cranes received a significant order for a K10000 tower crane in FY2023 (Management Discussion & Analysis - Page 5 of AR). What is the value of this contract? Expected contract period and delivery date?

**Answer:** In view on the competitive reason, FFB will not disclose the value of the contract. The crane will be delivered by the end of July 2024 and the contract will be completed in year 2024.

A18: **Question:** A short presentation of the year's performance and the outlook will provide value added to the AGM.

**Answer:** FFB will consider this for future AGMs.

A19: **Question:** What is the company outlook in 2024? Which segment of business will contribute most of the profit? what is the expected net profit margin in this year?

**Answer:** The Company outlook in 2024 was cautiously optimistic. Cranes division segment contributed most of the profit in year 2024. The expected net profit margin is confidential.



**FAVELLE FAVCO BERHAD**

Registration No.: 199201017739 (249243-W)

Minutes of the Thirty-Second Annual General Meeting held on 12 June 2024 [Cont'd]

A20: **Question:** Dividend is less than last year?

**Answer:** FFB declared a higher dividend of 9.0 sen per ordinary share for FY2023 as compared with 4.0 sen per ordinary share declared in financial year ended 31 December 2022.

A21: **Question:** I respectfully disagreed with your statement that the reason for holding virtual meeting is to protect the shareholders/proxies safety & well-being. Many feel more likely, you are afraid to "face" the shareholders who may pose difficult questions. What is the cost of holding virtual against physical meeting? Many public listed companies have started to hold hybrid meeting as they do not want to cite cost as the reason especially. For this once a year affair.

**Answer:** FFB understands that some public listed companies have started to hold physical AGM. However, based on the FFB's records, more shareholders attended the virtual AGM than physical AGM and the Q&A session was held longer at the virtual AGM than at the physical AGM. In addition, the cost of holding a virtual AGM is RM10,000 cheaper than a physical AGM.

A22: **Question:** Does FFB see crane order for building data centres and industrial buildings in Malaysia?

**Answer:** Yes, FFB did foresee the crane order for building data centres and industrial buildings in Malaysia. Currently, FFB had involved in building data centres globally and will pay close attention on the crane order for building data centres and industrial buildings in Malaysia.

There being no further question, the Chairman proceeded to the polling of the 32nd AGM of the Company.

It was recorded that the Audited Financial Statements together with the Directors' and the Auditors' Reports were duly received and adopted by the shareholders.

**AGM32/16 POLLING PROCESS**

For the polling process, the Chairman declared the closure of the registration for attendance at the 32nd AGM.

The Chairman adjourned the 32nd AGM for approximately 10 minutes for the polling process.

**AGM32/17 ANNOUNCEMENT OF POLL RESULTS**

The 32nd AGM was re-convened and the Chairman called the meeting to order for the declaration of the results. The Chairman informed the shareholders that Coopers 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

**FAVELLE FAVCO BERHAD**

Registration No.: 199201017739 (249243-W)

Minutes of the Thirty-Second Annual General Meeting held on 12 June 2024 [Cont'd]

room. The poll voting results is attached herewith as “Annexure B”.

Based on the poll results verified by the Scrutineers, the Chairman announced that all the resolutions tabled at 32nd AGM of the Company had been duly carried.

**AGM32/18 CONCLUSION**

There being no further business, the Chairman declared the Meeting closed at 12.31 p.m. and thanked all present at the Meeting.

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

**CHAIRMAN**

**ANNEXURE A**

**MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”)**

**Q&A**

---

## Operational & Financial Matters: Question 1

At the Group’s 31st AGM, the management/board stated that FFB's strategy for the next six (6) to twelve (12) months is to expand its business to new countries, create more crane models, enter a new segment, and find new acquisition or investment opportunities to drive the Group’s growth.

- a) Which countries has FFB expanded its business into as part of its growth strategy within the last six to twelve months? What are the driving factors behind the decision to expand into these countries?

**FFB’s response:**

We have entered into UK, Qatar and now looking into Saudi Arabia. The Main driver is that there have been projects in these countries which suit our heavy lift cranes and lifting solutions.

---

## Operational & Financial Matters: Question 1 (continued)

- b) What is the new market segment that FFB entered recently? What factors influenced the decision to venture into this segment, and how does it align with the Group’s overall objectives?

FFB’s response:

The Company had entered into a Project Development Agreement with an experienced developer in Australia, namely Dexus Property Services Pty Limited for the design, construction, construction financing and tenant sourcing in respect of two units of single-storey logistic warehouses on half of the freehold land owned by the Favelle Favco in Australia.

The warehouses shall enable the Company to unlock the value of the land’s strategic location in this prime industrial area to generate rental returns to shareholders.

---

## Operational & Financial Matters: Question 1 (continued)

- c) Are there any types of acquisitions or investments that FFB is considering to facilitate its growth strategy? What criteria are being used to evaluate potential acquisition targets or investment opportunities? Have any targets been identified?

FFB's response:

Evaluating potential acquisition targets or investment opportunities requires a thorough assessment of strategic fit, financial performance, market position, operational efficiency, management quality, growth potential, risk factors, customer base, valuation, and integration feasibility. Our strategic goal of continuing to find growth through acquisitions remains intact and we are still trying to find suitable acquisition targets.

---

## Operational & Financial Matters: Question 2

The Group has outstanding order book of approximately RM843.0 million (including order book of intelligent automation of RM133 million) as of 20 February 2024 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation (page 8 of 4th Quarter Report)

- a) How much of the outstanding order book is attributed to the crane division? Given the current order book value of RM843.0 million, what portion of these orders is expected to be recognised this year?

FFB's response:

The Group has an outstanding book of approximately RM843 million as of 20 February 2024, RM133 million from intelligent automation and RM710 million from crane division. Approximately 80% of these orders are expected to be recognized for FYE2024.

---

## Operational & Financial Matters: Question 2 (continued)

- b) During the Group’s 31st AGM, the management/board stated a target to secure orders totalling approximately RM300 million for FYE2024. What progress has been made towards achieving this order book replenishment target?

FFB’s response:

The Group has an outstanding book of approximately RM756 million as of 22 May 2024, primarily consisting of new orders secured from 2023 to 22 May 2024.



## Operational & Financial Matters: Question 3

Another notable milestone was the 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 (page 5 of Annual Report (AR) 2023).

- a) How much is the value of the significant order received by Kroll Cranes for the K10000 tower crane? What financial implications does securing such a large order have for FFB's overall financial performance?
- b) Are there any associated operational challenges or cost considerations that FFB anticipates in fulfilling this large order? If yes, how does the Group plan to address them?

FFB's response:

- a) While we do not disclose our pricing on individual products due to non-disclosure clauses and to maintain our competitive advantage, we are confident that the new orders secured will have a positive impact on the Group's earnings and net assets.
- b) We recognize the associated operational challenges and cost considerations in fulfilling this large order, however, the Group is well-prepared to manage this large order efficiently while maintaining financial stability.

## Operational & Financial Matters: Question 4

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 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 (page 129 of AR2023).

- a) What new products and services is FFB exploring to offer to the power sector through Strata Niaga?  
Please provide an update on the progress of these explorations with the principals.
- b) When does FFB expect these new offerings to contribute significantly to the Group's growth?

**FFB's response:**

a+b) FFB's journey into the power sector via Strata Niaga is still very early. We are actively exploring new ideas and opportunities with our overseas principals. Our goal is to introduce additional products and services that will complement our existing portfolio in the years ahead. Although we anticipate that these new offerings will contribute positively to the Group's growth, the primary objective is to broaden and diversify our current product and service range.

---

## Operational & Financial Matters: Question 5

The administrative expenses rose significantly from RM84.3 million in FYE2022 to RM105.5 million in FYE2023 (page 54 of AR2023).

What elements in the administrative expenses contributed the most and why? Are these expenses expected to continue rising? If yes, what is the mitigation plan to reduce these expenses in the future?

FFB's response:

The increase in the administrative expenses is mainly contributed by the increase in staff costs (including the share-based payments) and old bad debts written off. The increase in minimum wages and headcount with the rise in sales has impacted on our staff costs.

While the increase in the administrative expenses reflects higher staff costs, these are necessary investments to support our ongoing as well as upcoming growth and operational efficiency. We are committed to managing these costs effectively while continuing to drive sustainable growth. We are also actively working on enhancing our credit management and collection processes to minimize future occurrences of bad debts.

---

## Operational & Financial Matters: Question 6

The Group’s trade receivables and contract assets credit impaired that were past due more than 180 days have increased significantly from RM46.7 million in FYE2022 to RM57.2 million in FYE2023 (page 119-120 of AR2023).

- a) What difficulties did the Group face in collecting trade receivables that were past due for more than 180 days as the outstanding amount increased?

FFB’s response:

This increase has been primarily driven as our revenue has increased and from one Middle East project which has seen slower payment. We do not see any other structural changes in collection habits.

- b) Who are the customers who make up this category (past due 180 days) of the Group’s receivables in FYE2023, and what are their profiles?

FFB’s response:

While confidentiality agreements prevent us from disclosing specific customer names, we assure you that the outstanding receivables involve various customers, with a major portion related to the payment due from a Middle East project.

---

## Operational & Financial Matters: Question 6 (continued)

c) To date, how much of the overdue amount has been collected?

FFB's response:

Approximately 20% of the overdue amount (past due 180 days) has been collected as of 31 May 2024.

# Minority Shareholders Watch Group (“MSWG”) Q&A



## Operational & Financial Matters: Question 7

There was huge addition for allowance for impairment losses for trade receivables in FYE2023, amounting to RM15.2 million (vs RM6.2 million in FYE2022) and amount due from related company, amounting RM2.1 million in FYE2023 (vs NIL in FYE2022) (page 91,92 and 106 of AR2023).

Net loss/(reversal) on impairment of financial assets and contract assets				
	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	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)

---

## Operational & Financial Matters: Question 7 (continued)

- a) What factors contributed to the significant increase in the allowance for impairment losses for trade receivables and the amount due from related companies?
- b) Were there specific customers or market segments that experienced higher levels of default or delayed payments, leading to the increased allowance for impairment losses?

FFB's response:

a+b) As part of our prudent financial management and adherence to accounting standards, we have increased our allowance to reflect any slow payment trends to ensure that our financial statements provide a true and fair view of our financial position.

---

## Operational & Financial Matters: Question 7 (continued)

- c) Are there expectations for the allowance for impairment losses to continue increasing in the future, and if so, what proactive steps is the Group taking to mitigate this trend?

FFB's response:

While predicting future trends with absolute certainty is challenging, we are cautiously optimistic that the allowance for impairment losses will stabilize, and our proactive measures will take effect. To mitigate the risk of increasing impairment losses, we are implementing several proactive steps, including enhanced credit evaluation, tightened credit policies and improved collection efforts



---

## Sustainability Matters: Question 1

The Group has invested in solar energy for their office and plants with solar PV system capacity (approximately 560 kW pdc) (page 41 of AR2023).

a) How many tonnes of annual CO2 reduction are expected from this solar PV installation?

FFB's response:

The installation of a 560 kW solar PV system is expected to reduce CO2 emissions by approximately 336 tonnes annually, assuming typical sunlight hours and an average grid CO2 emission factor.

---

## Sustainability Matters: Question 1 (continued)

- b) What are the Group’s plans and targets for carbon neutrality and greenhouse gas emission reduction? Are there plans to subscribe to the Green Energy Tariff (GET) to reinforce the support for sustainable energy sources?

FFB’s response:

As part of our ongoing commitment to sustainability and environmental stewardship, the Group always exploring new technologies to achieve carbon neutrality and reducing greenhouse gas (GHG) emissions.

We are not subscribing to the Green Energy Tariff (GET) as we currently do not see that the GET program actually results in new additional renewable energy being installed specifically for us as an individual corporate subscriber.

---

## Sustainability Matters: Question 2

Disclosing Scope 1, 2, and 3 emissions enhances transparency, aids in risk management, identifies reduction opportunities, attracts investors, ensures regulatory compliance, and facilitates benchmarking and goal setting, thereby boosting the Group’s brand image.

Please provide detailed information on the Group’s greenhouse gas emissions categorised under Scope 1, 2, and 3. How does the Group measure these emissions and what steps are being taken to reduce them?

FFB’s response:

We are currently studying various aspects of our sustainability, with the hope of providing more comprehensive disclosure in the future.

# Minority Shareholders Watch Group (“MSWG”) Q&A



## Corporate Governance Matters: Question 1

Practice 1.4 of the Malaysian Code on Corporate Governance (MCCG) stipulated that the Chairman of the board should not be a member of the Audit Committee (AC), Nomination Committee (NC) or Remuneration Committee (RC).

Guidance G1.4 states:

Having the same person assume the positions of Chairman of the board, and Chairman of the Audit Committee, Nomination Committee or Remuneration Committee gives rise to the risk of self-review and may impair the objectivity of the Chairman and the board when deliberating on the observations and recommendations put forth by the board committees. Thus, the Chairman of the board should not be involved in these committees to ensure there is check and balance as well as objective review by the board.

The Chairman of the Board, Dato' Sri Khazali bin Haji Ahmad, was a member of the AC, NC and RC. His presence in the meetings could impair the objectivity and independence of the board committees.

Does the Board plan to adopt Practice 1.4 to further enhance the independence and objectivity of the board committee? If yes, by when? What challenges does the Group face in appointing additional independent directors (IDs) and considering reshuffling the members of the board committees?

---

## Corporate Governance Matters: Question 1 (continued)

FFB's response:

The AC, NC and RC consist exclusively of Independent Non-Executive Directors; the Board Chairman did not dominate any of the discussion at the AC, NC and RC level, and the unanimous decisions made by these committees are tabled as recommendations to the Board for further deliberation before decisions are made by the Board. Hence, we believe that the Board's objectivity in receiving or assessing these committees' reports has not been diminished in any way; instead, these committees have greatly benefited from Dato' Sri Khazali bin Haji Ahmad's input.

Alternatively, if an additional Independent Non-Executive Director to be appointed to the Board, the Board will review the number compositions of all committees and consider reshuffling the members of the committees.

---

## Corporate Governance Matters: Question 2

Practice 5.2 of the MCCG stipulates that at least half of the board comprises independent directors. For large companies, the board comprises a majority of independent directors.

The Board currently comprises seven (7) members, of whom three (3) are Independent Directors; less than half of the Board comprises Independent Directors (page 17 of Corporate Governance (CG) Report 2023).

Please note that the appointment of additional IDs will help the Group adopt this practice simultaneously with Practice 1.4, mentioned earlier.

FFB's response:

While we are not required to comply with MCCG Practice 5.2 as we are not large companies, we comply with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which states that at least two (2) directors or one-third (1/3) of the Board members of a listed issuer, are independent directors.

---

## Corporate Governance Matters: Question 3

Practice 5.9 of the MCCG stated that the board comprises at least 30% women directors.

Currently, the Board has only one (1) female Director, which is equivalent to 14.3% women representation (page 24 of CG Report 2023). The Board is of the view that the selection of candidates should be based on a range of diverse perspectives, not limited to gender; merit and contribution that the selected candidates will bring to the Board should be prioritised in deciding appointment to the Board.

Nonetheless, according to the Malaysia Board Diversity Study<sup>1</sup> by the Institute of Corporate Directors Malaysia (ICDM), boards with at least one-third of women representatives correlate with 38% higher median Return on Equity (ROE) than boards with no women representation.

We recommend that the Board prioritise the appointment of more women directors, citing their critical role in enhancing corporate governance and decision-making. To facilitate the identification of women candidates, we suggest sourcing candidates from organisations such as the 30% Club Malaysia and ICDM.

---

## Corporate Governance Matters: Question 3 (continued)

FFB's response:

The Board recognises the benefits of diversity in gender and hence gender is always an important consideration in appointment of Directors.

Nevertheless, the Board is of the view that selection of candidates shall not be limited simply to gender only. Gender is now highly considered amongst a variety of criteria including perspective differences, merit and contribution that the selected candidates will bring to the Board. It is this total criteria that should be prioritised in deciding appointment to the Board. We will continue evaluate and take into accounts all these factors in selection of director moving forward.



# **ANNEXURE B**

**32<sup>nd</sup> AGM**

**Poll Results**

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

**Thirty-Second Annual General Meeting**

TIIH Online website at <https://tiih.online>

provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia

On 12-June-2024 at 11:00AM

**Result On Voting By Poll**

Resolution(s)	Vote For				Vote Against				Total Votes			
	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%
Resolution 1	173,605,964	99.9956	388	91.5094	7,591	0.0044	36	8.4906	173,613,555	100.0000	424	100.0000
Resolution 2	162,708,746	99.9558	366	86.9359	71,896	0.0442	55	13.0641	162,780,642	100.0000	421	100.0000
Resolution 3	170,626,534	99.9578	365	86.4929	72,021	0.0422	57	13.5071	170,698,555	100.0000	422	100.0000
Resolution 4	173,543,550	99.9627	337	80.4296	64,805	0.0373	82	19.5704	173,608,355	100.0000	419	100.0000
Resolution 5	173,598,379	99.9919	374	88.6256	14,076	0.0081	48	11.3744	173,612,455	100.0000	422	100.0000
Resolution 7	173,508,755	99.9396	378	89.1509	104,800	0.0604	46	10.8491	173,613,555	100.0000	424	100.0000
Resolution 8	15,250,642	98.5508	358	87.3171	224,257	1.4492	52	12.6829	15,474,899	100.0000	410	100.0000



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

**Thirty-Second Annual General Meeting**

TIIH Online website at <https://tiih.online>

provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia

On 12-June-2024 at 11:00AM

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

Resolution(s)	Vote For				Vote Against				Total Votes			
	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%
<b><u>Tier 1 - Large Holders</u></b>												
Resolution 6	139,265,343	100.0000	1	100.0000	0	0.0000	0	0.0000	139,265,343	100.0000	1	100.0000
<b><u>Tier 2 - Other Holders</u></b>												
Resolution 6	34,239,145	99.6828	361	85.5450	108,967	0.3172	61	14.4550	34,348,112	100.0000	422	100.0000

