FAVELLE FAVCO

2024 ANNUAL REPORT

FAVELLE FAVCO BERHAD
AND ITS SUBSIDIARIES

Registration No.: 199201017739 (249243-W)
(Incorporated in Malaysia)

A MEMBER OF MUHIBBAH ENGINEERING (M) BHD

Corporate Information

Largest European Tower Crane in the World at Samsung Heavy Industries Shipyard, South Korea

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
Independent Non-Executive Director

Dato' Sri Khazali bin Haji Ahmad - Member
Senior Independent Non-Executive Director

Anuar bin Abd Rahman - Member
Independent Non-Executive Director

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

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@vistra.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
Email : ir@favellefavco.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: Favco
Bursa Stock Code: 7229
Bloomberg stock code: FAVCO:MK
Listing date: 15 August 2006

WEBSITE

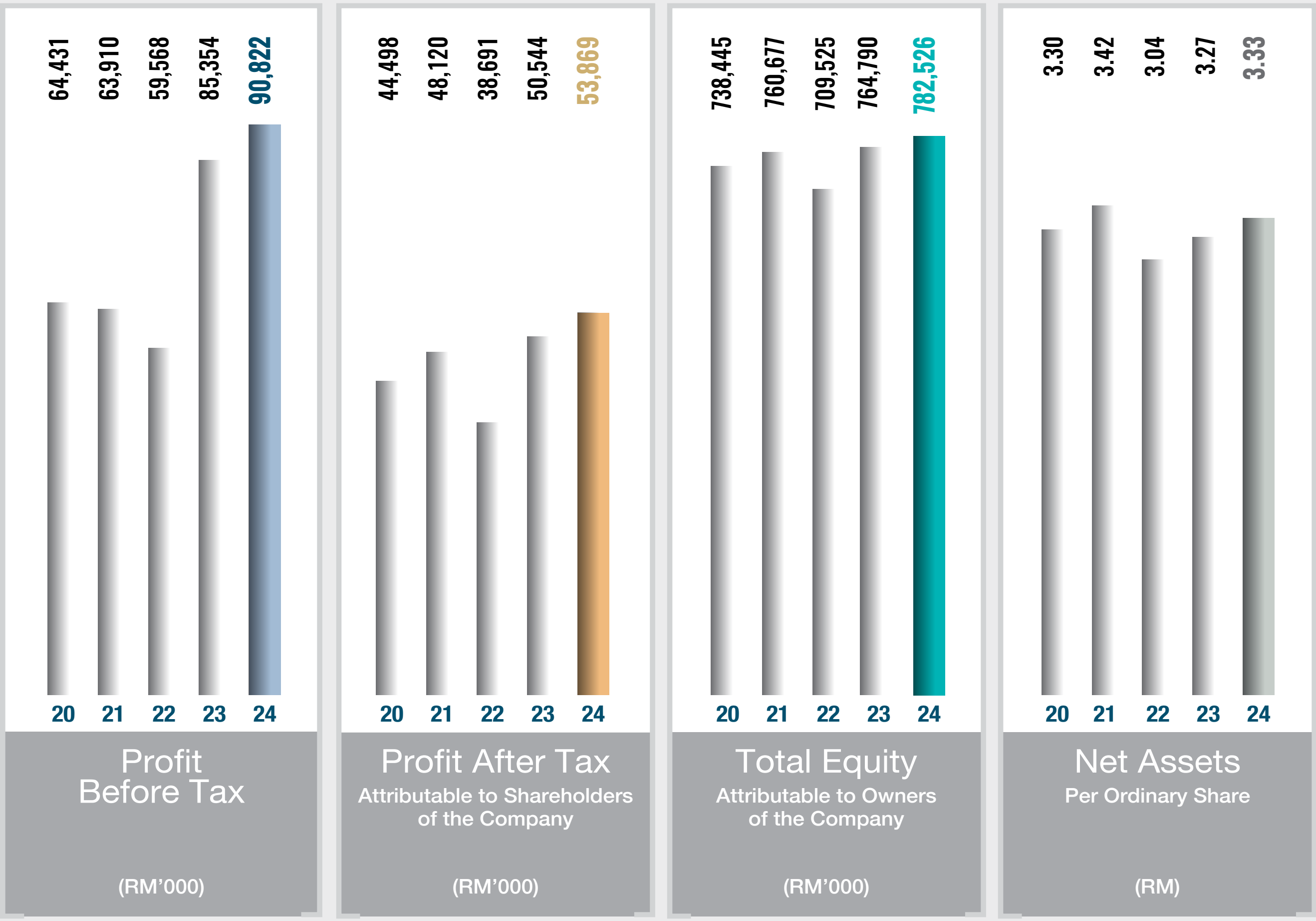
www.favellefavco.com

Contents

Tower Cranes, Ferring Pharmaceuticals A/S, Denmark

Group Financial Highlights

	2020	2021	2022	2023	2024
Turnover (RM'000)	554,453	610,215	594,773	765,161	901,124
Profit Before Tax (RM'000)	64,431	63,910	59,568	85,354	90,822
Profit After Tax Attributable to Shareholders of the Company (RM'000)	44,498	48,120	38,691	50,554	53,869
Total Equity Attributable to Owners of the Company (RM'000)	738,445	760,677	709,525	764,790	782,526
Share Capital (RM'000)	162,983	162,983	194,988	195,072	198,323
Basic Earnings Per Ordinary Share (Sen)	19.87	21.52	16.76	21.64	22.97
Net Assets Per Ordinary Share (RM)	3.30	3.42	3.04	3.27	3.33



Group Structure

as at 2 April 2025

FAVELLE FAVCO BERHAD

CRANES

- 100% FAVELLE FAVCO CRANES (M) SDN. BHD. (MALAYSIA)
- 100% FAVELLE FAVCO CRANES PTE. LTD. (SINGAPORE)
- 100% FAVELLE FAVCO CRANES (USA), INC. (USA)
- 100% FAVELLE FAVCO CRANES PTY. LIMITED (AUSTRALIA)
- 100% KROLL CRANES A/S (DENMARK)
- 100% FES EQUIPMENT SERVICES SDN. BHD. (MALAYSIA)
- 80% SHANGHAI FAVCO ENGINEERING MACHINERY MANUFACTURING CO., LTD (CHINA)
- 30% FAVCO OFFSHORES SDN. BHD (MALAYSIA)
- 49% FAVELLE FAVCO MACINERY & EQUIPMENT L.L.C. (ABU DHABI, UAE)
- 50% FAVCO HEAVY INDUSTRY (CHANGSHU) CO. LTD. (CHINA)

INTELLIGENT AUTOMATION

- 70% EXACT AUTOMATION SDN BHD (MALAYSIA)
- 70% EXACT ANALYTICAL SDN BHD (MALAYSIA)
- 70% SEDIA TEGUH SDN BHD (MALAYSIA)
- 70% STRATA NIAGA SDN BHD (MALAYSIA)
  - 51% STRATA NIAGA (B) SDN BHD (BRUNEI)

Management Discussion and Analysis

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 2024. For the year, I am pleased to report that we have achieved our largest revenue on record at RM 901 million.

Our crane operations saw increased revenue whilst our Intelligent Automation Group ("IA Group") achieved another record-high revenue and profit.

Nevertheless, the year was not without its challenges. The oil and gas sector, which had shown promising recovery in 2023, sputtered again in 2024. Several of our customers delayed or aborted some of their projects resulting in fewer new awards.

Globally, the construction industry saw a slowdown. The existing inventory of cranes remained sufficient to meet industry demands.

Review and Discussion of Financial Results

We reported a full year's revenue of RM901 million for 2024 compared to RM765 million for 2023 representing a 17.78% increase in revenue. The IA Group posted a revenue of RM258 million whilst the crane division posted a revenue of RM643 million.

The combined results provided a Profit After Tax attributable to owners of the Company of RM54 million in 2024 as compared to RM51 million in 2023 representing a 6% increase.

The revenue was primarily boosted by increased market activity and pricing action we have taken over the years. The Profit After Tax was challenged by continued cost increases and forex movements.

In line with the results, we have declared a dividend of 9 sen per share representing approximately 39% of our Earnings Per Share.

Tower Crane, Metro Project, Australia

Management Discussion and Analysis (Cont'd)

Capex Requirements and Treasury Commentary

During the year 2024, we invested selectively in our crane rental fleet capitalising on various opportunities when they arose.

We ended 31st December 2024 with RM156 million in cash and cash equivalents.

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

Tower Crane, Canakkale Bridge Project, Turkey

Tower Crane, Testing in Denmark's Factory

Tower Cranes, New Metro Project, Taiwan

Crane division

The crane division experienced one of its slowest starts in our history, with weak order intake in the early part of the year. However, by the last quarter, we witnessed a strong recovery, restoring confidence in our business outlook.

A key milestone during the year was the successful delivery of the Kroll K10000, the largest European tower crane in the world. Designing this crane from scratch using the latest of today's technology was certainly a moment for us to be proud of and reinforces our reputation for engineering excellence.

Another significant breakthrough occurred in Saudi Arabia when we secured our first tower crane orders in the country. Notably, our cranes have been chosen for the construction of the Jeddah Tower, which will be the world's tallest building.

To diversify our revenue channels, we initiated the development of a logistics warehouse in Australia. This project involves the construction of a 14,000-square-meter warehouse on the idle section of our existing land. This move aligns with our long-term strategy of establishing stable and recurring revenue sources beyond our core crane business.

Management Discussion and Analysis (Cont'd)

Intelligent Automation

The IA Group continued its strong performance in 2024, capitalizing on new business opportunities in industrial automation, electrical infrastructure, and renewable energy.

Remote operations remained a top priority for oil and gas end users. In response, we have expanded our deployment of Industry 4.0 technologies, including cloud computing, edge analytics, and predictive maintenance. These innovations help reduce operational expenses by optimizing asset performance, reducing downtime, and improving first-time fix rates. Our autonomous remote operation platforms have proven highly effective, enhancing cost efficiency and cybersecurity through a robust defence-in-depth architecture.

One of our key highlights in 2024 is the introduction of the world's first Allen Bradley Power Monitoring System for Petronas Floating Liquefied Natural Gas applications, ensuring superior power quality and reliability in offshore LNG production facilities.

We added to our electrical infrastructure portfolio by supplying low voltage panels, including switchboards, motor control centres, and switch over boxes for a water injection facilities project. This marks another milestone in our growing expertise in power and electrical solutions.

We have strengthened our presence in overseas markets by leveraging partnerships and strategic alliances in industrial automation and energy solutions. Our involvement in the Atlas Copco rental business and Swinton metering business has diversified our portfolio, allowing us to provide comprehensive solutions to clients. Expanding into new regions, we have secured contracts and projects that reinforce our expertise in industrial automation, electrical infrastructure, and renewable energy.

We have also expanded our reach by delivering MTE Meter Test Bench and portable MTE PTS Check Meter sets to Sabah Electricity for their first Calibration Laboratory in Sabah. We have also increased our presence in Brunei, all in an effort to broaden our market channels.

A specialized offshore team executes a flare tip replacement using rope access technique with precision and on a remote offshore platform, in Peninsula Malaysia Waters.

The state-of-the-art 2 X 100% air dryer skid installed and commissioned to achieve a demand of -40degC dew point as stated in ISO 8573 standard for instrument air quality, in Sarawak Water.

Management Discussion and Analysis (Cont'd)

Current Challenges and Risks

We continue to see a business environment in flux. The equipment industry is generally sluggish at the moment.

Additionally, the impact of threats of U.S. tariffs remains unpredictable. Global supply chains will change as a result of these tariffs and our costs could be affected in the future. At the same time, it could well present as an opportunity. As such, we remain nimble and ready to act accordingly.

In continuing news, the Malaysian government has made several policy changes which are increasing industry costs. We believe this trend will continue to increase costs and challenge our operational expenses.


Tower Cranes, Sunshine Beach Queensland, Australia


Offshore Crane, Yinson Bergenia Production B.V., China


Recovery Offshore Crane testing in Malaysia's Factory

Future Expectations

Looking ahead, we remain cautiously optimistic about the future. We believe we can counter some of our challenges and at the same time pounce on future opportunities.

We will continue to seek opportunities in the Middle Eastern region, where infrastructure and mega-projects continue to drive demand.

We look forward to making good progress on our warehouse development in Australia and hope to secure some acquisition opportunities that align with our growth strategy and enhance our long-term sustainability.

The global business landscape is evolving rapidly, AI implementation is really at its infancy. We are keeping a keen eye on all these developments and are exploring and investing in this evolving AI landscape.

Our Intelligent Automation Group remains focused on expansion and growing our international footprint in industrial automation and energy solutions.

We extend our deepest appreciation to our employees, customers, and shareholders for their continued support and commitment. Together, we will seize new opportunities and strengthen our position in the industry.

Managing Director/Chief Executive Officer

Profile of Directors

DATO' SRI KHAZALI bin HAJI AHMAD

Aged 70, 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 Chaiman, 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 Master's 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 Cuscapi 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 46, 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-four (24) years

Profile of Directors (Cont'd)

MAC NGAN BOON @ MAC YIN BOON

Aged 81, 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 59, 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 the holding company, 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 as Senior Auditor. She led 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 financial planning, restructuring, listing and executive management of the FFB Group over the past thirty (30) years.

MAZLAN bin ABDUL HAMID

Aged 62, 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 72, 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 64, 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 Master's 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 56, 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.

HENRY TEO KAI SZE

Aged 70, 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.

Profile of key Senior Management (Cont'd)

MICHAEL KHOO KOK ENG

63, 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 includes 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.

SHENANDOAH CHONG SHIN KWEK

Aged 56, 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 includes 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 56, 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.

Profile of key Senior Management (Cont'd)

ALEX CHAN SOON NAM

Aged 59, 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 includes 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.

JACK LEE WAI MENG

Aged 45, 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 five (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 external auditors for the financial year ended 31 December 2024 were as follows:

	Group RM'000	Company RM'000
Audit services	277	75
Non-audit services - Tax compliance and advisory	20	20

3. Employees' Share Issuance Scheme

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.

On 21 September 2022, a total of 20,168,000 options were offered to the eligible employees including Directors of the Company and its subsidiaries at the exercise price of RM1.45 each.

During the financial year, the total number of SIS options granted, exercised, forfeited and outstanding under the SIS are set out in the table below:

Category	Number of options				
	Balance at 1.1.2024 '000	Granted '000	Exercised '000	Forfeited* '000	Balance at 31.12.2024 '000
Directors and Key Senior Management	9,312	-	(938)	-	8,374
Other eligible employees	9,976	-	(680)	(265)	9,031
Total	19,288	-	(1,618)	(265)	17,405

* The options were forfeited as a result of cessation of employment.

Other Information (Cont'd)

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 above SIS.

Pursuant to the By-Laws of the SIS, not more than 80% of the Total Options available under the scheme shall be allotted, in aggregate, to the Directors and senior management. During the financial year ended 31 December 2024, no options were granted to the Directors and Senior Management. Since the date of implementation of the SIS, 46.2% of the Total Options have been granted to the Directors and Senior Management.

4. Material Contracts (involving the interest of Directors and major shareholders)

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 2024 or entered into since the end of the previous financial year ended 31 December 2023.

5. Recurrent Related Party Transactions

At the Annual General Meeting held on 12 June 2024, 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 26 April 2024.

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 2024 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 2024 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	3,703
		# 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	1,515
		# Rental of plant and equipment and scaffolding service by FFB Group to MEB Group	47
		Shared services expenses/charges by MEB Group to FFB Group which include amongst others legal, human resource, corporate finance, banking, investor relations, tax, information technology and internal audit	2,000

Other Information (Cont'd)

Transacting Parties	Related Party	Nature of Transactions	Actual Transactions Value for the Financial Year Ended 31 December 2024 RM'000
		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	13,032
		# 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.	910
		# 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.	419
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 associate 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 2024.

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. 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.

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.

Corporate Governance Overview Statement (Cont'd)

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.

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:

Names of Directors	Attendance at Meetings in 2024
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	3/4

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.

Corporate Governance Overview Statement (Cont'd)

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.

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.

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

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 2024 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.

Corporate Governance Overview Statement (Cont'd)

(i) Audit Committee ("AC")

The present members of the AC are as follows:-

Name of Committee Members	Designation
Sobri bin Abu	Chairman *(Independent Non-Executive Director)*
Dato' Sri Khazali bin Haji Ahmad	Member *(Senior Independent Non-Executive Director)*
Anuar bin Abd Rahman	Member *(Independent Non-Executive Director)*

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:

Name of Committee Members	Designation
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 Nominating Committee met once during the financial year 2024. 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;

Corporate Governance Overview Statement (Cont'd)

- 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.

(iii) Remuneration Committee

The present members of the Remuneration Committee are as follows:

Name of Committee Members	Designation
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 2024. 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.

Corporate Governance Overview Statement (Cont'd)

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.

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 or 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.

Corporate Governance Overview Statement (Cont'd)

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. 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.

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
Budget 2025 Conference: Turning Tough into Triumph: Strategic Planning for Malaysia's 2025 Fiscal Shift	Crowe Malaysia
Computation of Percentage Ratios	MIA
Conduct of Directors and Common Breaches of Listing Requirements	MIA
Designing Incentive Programs to Drive Staff motivation	EO Malaysia
Detecting and Deterring Financial Statement Fraud (Remote Online Learning)	ACCA
Driving Growth Through an IPO: An Introduction to SGX and Singapore's Capital Markets	BoardRoom Group
E-invoicing 101: SMEs Must Know	YYC TaxPOD
Exploring Various RPT Exemptions	CKM Advisory Sdn Bhd
IFN Investor / Asian Forum 2024	SC Malaysia
Key Disclosure Obligations of A Listed Company	CKM Advisory Sdn Bhd
Mandatory Accreditation Programme Part II: Leading for Impact (LIP).	Bursa Malaysia Berhad
Mastering E-Invoicing From Fundamentals To Implementation	Skills Network Academy Sdn Bhd
OSGSE 100 CEOs Forum Bursa Malaysia	Bursa Malaysia Berhad
Phillip Capital 14th Investment Conference 2024	Phillip Capital
Recent Developments with The LR, Including COI Amendments	CKM Advisory Sdn Bhd

Corporate Governance Overview Statement (Cont'd)

Programme Title	Organiser
Seminar Percukaian Kebangsaan 2024 (Belanjawan 2025)	Hasil
Tax Savvy Boss: e-invoicing Tactics Revealed	YYC TaxPOD
Top 3 Business Expenses You Often Missed Getting Tax Deductions	YYC TaxPOD
Unlocking opportunities in Malaysia Budget 2025 – Tax measures, incentives and E-invoicing solutions	BoardRoom Group
What Can Seriosly go wrong with RPTS	MSWG

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 Director	1,570	192	283	2,045
Non-Executive Directors	-	144	43	187
Total	**1,570**	**336**	**326**	**2,232**

Other Related Companies (within FFB Group)

	SALARIES RM'000	FEES RM'000	OTHER EMOLUMENTS RM'000	TOTAL RM'000
Executive Director	-	85	9	94
Non-Executive Directors	-	7	1	8
Total	**-**	**92**	**10**	**102**

	Remuneration Received from The Company RM'000	Remuneration Received from Other Related Companies RM'000
Executive Directors		
Mac Chung Hui	887	34
Mac Ngan Boon @ Mac Yin Boon	173	15
Lee Poh Kwee	126	17
Mazlan bin Abdul Hamid	859	26
Independent Non-Executive Directors		
Dato' Sri Khazali bin Haji Ahmad	59	-
Sobri bin Abu	65	10
Anuar bin Abd Rahman	63	-
Total	**2,232**	**102**

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.

Corporate Governance Overview Statement (Cont'd)

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.

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.

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.

Corporate Governance Overview Statement (Cont'd)

II. Communication with Investors and Shareholders (continued)

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) 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 fifth virtual AGM on 12 June 2024. 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 2024.

This CG Overview Statement was approved by the Board of Directors on 2 April 2025.

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 2024.

Composition and Attendance

The Audit Committee ("**AC**") comprises solely three (3) Independent Non-Executive Directors 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 2024 are as follows:

Member	Designation	Attendance at meetings in 2024
Sobri bin Abu	Chairman (Independent Non-Executive Director)	4/4
Dato' Sri Khazali bin Haji Ahmad	Member (Senior Independent Non-Executive Director)	4/4
Anuar bin Abd Rahman	Member (Independent Non-Executive Director)	3/4

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 2024

The AC carries 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 year ending 31 December 2024. 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 year ending on 31 December 2024 marked the seven year for the engagement partner;
- Reviewed and approved the external auditors' audit plan for the financial year ending 31 December 2024, inclusive of terms of engagement and scope of work, at its meeting held on 22 November 2024
- 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 26 February 2024 and 22 November 2024 to discuss relevant issues and obtain feedback.

Audit Committee Report (Cont'd)

Summary of Activities in 2024 (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 22 November 2024;

- 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 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 2025.

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 Josephine Ng Soo How 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 (Cont'd)

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 in 2024, the scope of the review included the following:

- Sales, Billings and Collections Management
- Procurement Management
- Recurring and Related Party Transactions
- Production and Control Management
- IT Assets 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 on 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 2024 Annual Report.

The total cost incurred by GIAD for the financial year ended 31 December 2024 was approximately RM290,700.

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.

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 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.

Statement on Risk Management & Internal Control (Cont'd)

- 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.

- 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 2 April 2025.

Directors' Responsibility Statement

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 2024.

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

Elevating the Industry for a Better Tomorrow

FFB's Statement at a Glance

The Group is pleased to present Favelle Favco Berhad ("FFB") Sustainability Statement for FY2024, which reflects our ongoing commitment to responsible business practices and growth. This statement highlights our progress and impact across Environmental, Social and Governance ("ESG") aspects, while maintaining financial stability and addressing key challenges that influence our long-term sustainability.

Lifting with Purpose, Leading with Responsibility

FFB, a subsidiary of Muhibbah Engineering (M) Bhd ("MEB"), specialises in crane and intelligent automation solutions. We integrate sustainability across our operations to mitigate risks and contribute to a greener future—strengthening resilience, enhancing operational efficiency and generating enduring value.

Over the past year, we have advanced our efforts to reduce pollution and improve energy efficiency at the Senawang facility. To prevent hydrocarbon discharge, we installed oil interceptors, while a paint booth with water curtains was introduced to minimise the release of Volatile Organic Compounds ("VOCs") into the atmosphere. To reduce our reliance on purchased electricity, we installed solar panels at the Senawang facility, used transparent roof cladding to maximise daylight and installed outdoor lighting timers to optimise energy use.

Looking ahead, we will continue to pursue initiatives that create long-term value for our operations, the environment and the communities we serve.

Reporting Scope and Boundary

Our statement covers the period from 1 January 2024 to 31 December 2024 ("FY2024") and includes the Group's disclosures, business activities and initiatives at our headquarters and after-sales service centre in Klang as well as our manufacturing operations in Senawang, Seremban. The report also covers the initiatives of the subsidiaries listed below.

Crane Division	Intelligent Automation Division
Favelle Favco Cranes (M) Sdn Bhd ("FFCM")	Exact Automation Sdn Bhd ("IA")
FES Equipment Services Sdn Bhd ("FES")	

Our Reporting Frameworks

This statement has been prepared to meet the requirements of the Bursa Malaysia Securities Main Market Listing Requirements ("MMLR") and has been prepared in compliance with Bursa Malaysia's Sustainability Reporting Guide (3rd Edition). Our disclosures are also aligned with the Global Reporting Initiative ("GRI") standards and the United Nations Sustainable Development Goals ("UN SDGs").

Sustainability Statement (Cont'd)

Assuring Data Integrity

The data presented in this statement has been internally reviewed and sourced by the respective information owners within the Group, ensuring that our disclosures reflect our performance and are aligned with internal reporting standards.

Feedback

We value stakeholder insights and continuously seek to improve our sustainability reporting. For any feedback or enquiries, please contact us using the details provided.

E-mail: ir@favellefavco.com.my

Memberships and Associations

The Group stays connected to the industry through memberships in the following key associations, allowing us to remain updated on industry trends and developments.

Favelle Favco Cranes (M) Sdn Bhd (Crane Division)
- Machinery and Equipment Manufacturers Association ("MEMA")
- Machinery and Engineering Industries Federation ("MEIF")
- Federation of Malaysian Manufacturers ("FMM")
- Master Builders Association Malaysia ("MBAM")

FES Equipment Services Sdn Bhd ("FES")
- Malaysian Oil, Gas & Energy Services Council ("MOGSC")

FFB's Sustainability Approach

Sustainability Governance

At FFB, the Board of Directors (the "Board") provides strategic oversight and is supported by the Risk Management Committee ("RMC"). Collectively, the Board and the RMC enforce the implementation of responsible practices across the organisation and align initiatives with the Group's business strategy.

Board of Directors

Risk Management Committee

The following outlines their roles and responsibilities in advancing these efforts.

The Board
• Approves sustainability strategies and key material matters identified by the RMC • Monitors and evaluates the overall progress of the RMC's sustainability initiatives
RMC
• Reviews the organisations' risk profile quarterly to monitor the Group's risk exposure • Tracks sustainability initiatives and updates the Board on progress • Formulates a comprehensive sustainability strategy and executes approved initiatives across the Group • Identifies and recommends key sustainability matters relevant to the Group

Sustainability Statement (Cont'd)

Sustainability Strategy

Guided by our environmental policy and governance framework, the Group's sustainability strategy integrates sustainability into our business goals and objectives. Based on four key pillars and aligned with our material matters, it provides a structured approach to advancing our sustainability priorities while creating long-term value for stakeholders.

Vision	**To be the leading provider of engineering solutions within the crane and automation industry**			
Mission	To deliver quality products and services on time		To create innovative and cost-effective solutions that solve customers' challenges	
	To reward stakeholders with optimum returns		To be the employer of choice in creating effective work systems and a culture of excellence	
Strategic Thrusts	Ensure long-term financial sustainability by integrating sustainability into decisions and prioritising local suppliers	Uphold corporate governance best practices, ensure compliance and prevent bribery and corruption	Mitigate environmental impact by tracking carbon emissions, recycling, reducing waste and promoting water conservation	Cultivate a safe and inclusive workplace, foster employee growth and minimise community disruptions
Sustainability Pillars	**Economic Growth**	**Good Governance**	**Environmental Stewardship**	**Social Responsibility**
Material Sustainability Matters	1. Investor Relations 2. Supply Chain Management 3. Quality Control and Customer Satisfaction	1. Regulatory Compliance 2. Corporate Governance, Risk Management and Anti- Corruption 3. Data Privacy and Security	1. Energy, Emissions and Climate Resilience 2. Waste and Pollution Management 3. Water Management	1. Occupational Health and Safety 2. Labour Practices and Standards 3. Diversity and Talent Management 4. Community Engagement and Contribution
Contributions to the UN SDGs	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS			
Stakeholder Groups	Shareholders/Investors Suppliers/Sub-Contractors	Regulatory Agencies Employees	Client Local Communities	

Sustainability Statement (Cont'd)

Environmental Policy

As a subsidiary of MEB, we are guided by the Group's Environmental Policy, which ensures we uphold environmental protection through strong management practices and regulatory compliance.

Environmental Policy Statement

The Group is committed to environmental stewardship through the following.

- Implementing and maintaining an Environmental Management System with continuous improvements, guided by SMART objectives, targets and an Environmental Management Programme ("EMP")
- Providing employee training to meet compliance with environmental management standards that meet or exceed client and regulatory requirements
- Ensuring full adherence to environmental compliance obligations
- Integrating sustainable practices across operations
- Embedding environmental considerations into business strategies and initiatives
- Communicating the Environmental Policy to employees, stakeholders and relevant parties to enhance awareness and accessibility

Our Contribution to Global Goals

We are committed to advancing the UN SDGs. In 2024, we prioritised nine key SDGs that align with our operations and objectives, contributing meaningful impacts to society and the environment.

3 GOOD HEALTH AND WELL-BEING	**3.5: Strengthen the prevention of substance abuse, including narcotic abuse and harmful use of alcohol** • Smoking in restricted areas or being under the influence of alcohol or drugs while on duty constitutes misconduct under Clause No. 15(k) of our Code of Ethics, Business Practice and Conduct Policies and Procedures **3.8: Achieve universal health coverage, including access to essential health-care services** • The Group provides employees with health benefits and medical insurance
5 GENDER EQUALITY	**5.2: Eliminate all forms of violence against all women and girls** • Women comprise 38% of the Board this year, exceeding the 30% minimum recommended under the Malaysian Code on Corporate Governance ("MCCG")
6 CLEAN WATER AND SANITATION	**6.3: Reducing pollution and minimising the release of hazardous chemicals and materials** • Our Senawang facility is equipped with five oil interceptors to efficiently capture and manage waste oil, reducing the release of harmful discharges into water bodies
7 AFFORDABLE AND CLEAN ENERGY	**7.3: Increase the share of renewable energy** • The Group has installed solar photovoltaic ("PV") panels at Senawang facilities
8 DECENT WORK AND ECONOMIC GROWTH	**8.8: Protect labour rights and promote safe working environments** • Our health and safety management system complies with the Occupational Safety and Health Act ("OSHA") 2022, enforced by the Department of Occupational Safety and Health ("DOSH") • Implemented the Vision Zero ("Zero LTI") and Unsafe Act Unsafe Condition ("UAUC") programmes to promote health and safety among employees
9 INDUSTRY INNOVATION & INFRASTRUCTURE	**9.4: Upgrade infrastructure to make them sustainable, with increased resource-use efficiency** • Our manufacturing facilities are equipped with transparent roof claddings and an outdoor lighting timer system to optimise energy efficiency and reduce consumption

Sustainability Statement (Cont'd)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.4: Achieve the environmentally sound management of chemicals and reduce their release to the environment** • The Group's crane division operates a paint booth equipped with water curtains to reduce the emission of VOCs during painting processes, minimising environmental impact **12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse** • A designated waste sorting area ensures proper disposal, with electronic and battery waste sent to designated recycling companies
13 CLIMATE ACTION	**13.2: Integrate climate change measures into strategies and planning** • FFB monitored and disclosed Scope 1, Scope 2 and Scope 3 greenhouse gas ("GHG") emissions to provide transparent information in our approach to managing climate-related risks and opportunities
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**16.5: Reduce corruption and bribery in all their forms** • The Group has an Anti-Bribery and Corruption Policy in place, in line with the Malaysian Code of Corporate Governance 2021 • FFB has recorded zero substantiated cases of corruption and bribery in FY2024

Driving Stakeholder Engagement to Create Value

The Group's long-term success depends on our ability to create value for stakeholders who shape our business. We actively engage with them to gather feedback and address concerns, ensuring our cranes and automation solutions meet expectations while strengthening our corporate reputation.

Legend Ad Ad-hoc A Annually Q Quarterly B Bi-annually Th Throughout

Areas of Interest	Our Approach	Method and Frequency
SHAREHOLDERS/INVESTORS		
• Group financial performance • Corporate governance and compliance • Ethical business conduct • Share price growth • Mitigation and adaptation to climate change • ESG indicators, performance and tracking	• Provided updates on the Group's financial performance through meetings and financial reports • Developed corporate governance policies, including the Code of Conduct, Whistleblowing Policy, and Anti-Bribery and Corruption Policy • Disclosed responsible practices through the publication of ESG performance reports • Promoted environmental responsibility through the Group's Environmental Policy and encouraged the development and use of environmentally friendly designs and technologies	Th Investors virtual and physical meetings A Annual general meetings Q Quarterly financial reporting and annual reports Th Investors virtual and physical seminars and conferences Th Communication via emails or teleconferencing
REGULATORY AGENCIES		
• Regulatory compliance • Labour practices • Occupational Safety & Health • Environmental management compliance • Operating licence	• Adhered to relevant regulations through our Code of Conduct and Corporate Disclosure Policy • Implemented policies and procedures to prevent and reduce corruption, bribery and unethical conduct • Actively participated in seminars and training sessions to stay informed on legislative updates and industry trends	Ad Inspection by the local authority Ad General meetings with local regulators Ad Relevant circulations on authorities'/ regulators' policies Ad Communication of new law and changes in law Th Attending seminars held by regulators Ad Courtesy visit for information sharing and clarification

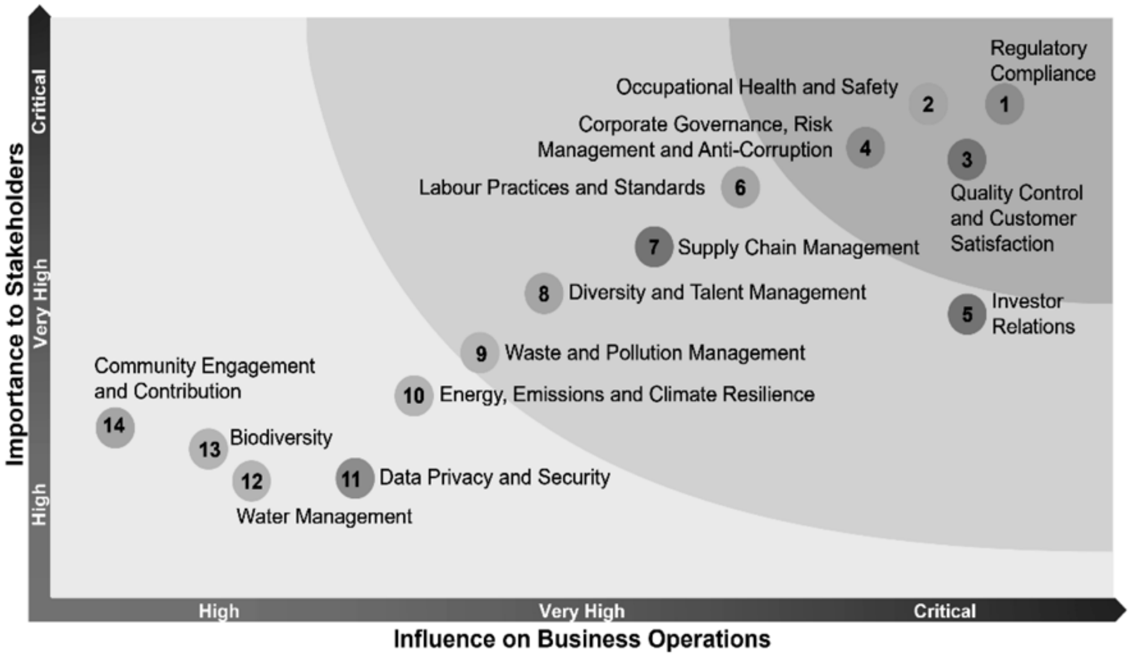
Sustainability Statement (Cont'd)

Areas of Interest	Our Approach	Method and Frequency
CLIENTS		
• Group financial performance • Quality of work and services • Customer-company relationship management • Compliance with Health, Safety and Environment ("HSE") and security policies/requirements • Contract requirement compliance • Work Performance, Completion & Satisfaction	• Provided updates on the Group's financial performance through meetings and financial reports • Participated in national awards i.e. HSE award • Delivered quality products and services to clients through adherence to the Quality Policy and internationally certified Quality Management Systems	Th Regular client meetings Th Feedback sessions Th Satisfaction surveys Th Company's website Th Periodic quality control checks and audits at project sites Th HSE walkabouts and audits A Internal recognition A Third parties' audit
EMPLOYEES		
• Performance management, career development and stability • Compliance with HSE policies • Learning and development opportunities • Employee engagement initiatives • Realignment of company policies with the Employment Act 1955 (Amendments) • Rewards and remuneration programmes • Safe working environment	• Provided employees with performance incentives, including a share option scheme, insurance coverage, hospitalisation and surgical benefits and a productive work environment • Offered learning and development programmes that focused on key areas such as business, functional, leadership and personal development • Established a policy related to alcohol and drug abuse • Reintroduced MyGrads Programme • Participated in Employees' Share Issuance Scheme ("SIS") as an incentive and alignment of interest	A Staff Performance Review Th WhatsApp Work Groups, emails and face-to-face briefings Th On-board induction both at HQ and project sites Th Briefing on awareness of Company Corporate Government Policies Th Upskilling through face-to-face or online training A Cost Reduction Optimisation Programme Th Grievance mechanism for feedback and response
SUPPLIERS/SUB-CONTRACTORS		
• Procurement practices • Payment schedule • Ability and capability of suppliers or sub-contractors • Financial stability of sub-contractors • Compliance with HSE Management	• Established e-procurement with long-term strategic suppliers • Conducted supplier evaluation and performance reviews • Delivered training sessions and briefings	Ad Vendor registration Ad Contract tender negotiation Th Third party appraisal of sub-contractors Th Periodic audit and inspection
LOCAL COMMUNITIES		
• Social issues • Impact of business operations • Transparency and accountability • Compliance with HSE Management	• Participated MEB's CSR Rangers to contribute to society	Th Community engagement Th Corporate Social Responsibility ("CSR") programmes Th Donation and support of supplies

Sustainability Statement (Cont'd)

Addressing Key Priorities

As a subsidiary of MEB, we align our material matters with our parent company. In 2024, MEB identified material sustainability matters, illustrated in a materiality matrix based on their impact on stakeholders and the Group.



Strengthening Climate Resilience

FFB acknowledges the adverse impacts of climate change and the urgent need for enhanced climate resilience to mitigate risks. The Group tracks and reports Scope 1, Scope 2 and Scope 3 GHG emissions using the operational control approach, as defined in the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard (2024). To strengthen our climate risk management initiatives, the Group plans to assess climate-related risks, and explore ways to incorporate them into our risk management framework in the near future.

- Scope 1 – direct emissions from assets directly controlled by FFB
- Scope 2 – indirect emissions from purchased electricity
- Scope 3 – indirect emissions from employee commute and business travel

Economic Growth

The Group fuels economic growth by building investor confidence, strengthening the supply chain and upholding quality to attract investments, streamline operations and deliver high-performance cranes and solutions.

Investor Relations

As a player in the crane and intelligent automation industry, FFB prioritises investor relations to drive long-term growth. In FY2024, the Group recorded RM 901 million in revenue, underscoring our dedication to delivering long-term value.

Supply Chain Management

We strengthen supplier relationships, streamline procurement and mitigate potential disruptions to consistently meet demand for high-quality cranes and automation solutions. During the year, our subsidiaries conducted supplier assessments based on the following procedures.

Sustainability Statement (Cont'd)

FFCM assessed suppliers based on existing procedures aligned with American Petroleum Institute ("API") Spec Q1 standards. FFCM's supplier assessments also incorporate environmental and social criteria, covering policies such as the Safety, Health and Environment ("SHE") Policy and the Anti-Bribery and Corruption ("ABC") Policy.

FES evaluated suppliers according to procedures for selection, evaluation and re-evaluation.

IA conducted supplier selection following established procedures.

Quality Control and Customer Satisfaction

Our approach to quality control is guided by the Quality Policy and industry best practices. Customer satisfaction surveys and procedures also enable us to evaluate suppliers' performance and identify areas for improvement.

In 2024, our subsidiaries implemented the initiatives below to improve products and services provided by the Group.

FFCM	FES	IA
• Established an Electrical and Instrumentation ("E&I") task force to enhance design conformance to the Health and Safety Policy • Adopted new technology and machinery to improve welding and production quality • Improved storage infrastructure and factory layout to enhance product quality • Digitalised processes by enabling production and Quality Assurance and Quality Control ("QA/QC") to submit Inspection Requests via a shared folder	• Reviewed quality plan to improve product quality	• Engaged qualified QA/QC inspectors for fabrication quality assurance and control

Customer Satisfaction Survey

FFB conducts customer satisfaction surveys, gathering feedback via email, mail and interviews after crane delivery or site acceptance tests. The Quality Assurance ("QA") department manages distribution, logs responses and analyses the results against targets annually, communicating improvement actions and updating satisfaction scores. In FY2024, we achieved an average customer satisfaction score of 93% from both our crane and intelligent automation divisions.

Good Governance

The Group upholds high governance standards to enhance transparency, integrity and long-term value through regulatory compliance, robust governance and data privacy.

Regulatory Compliance

Regulatory compliance is crucial for FFB, given our use of high-speed, heavy-lift cranes in diverse environments. In FY2024, regular internal audits were conducted to uphold compliance with applicable laws and regulations. There were zero major non-compliances recorded in the year under review.

Sustainability Statement (Cont'd)

Corporate Governance, Risk Management and Anti-Corruption

FFB is guided by the MCCG 2021 in upholding transparency, accountability and ethical standards. The Group has policies in place to guide decision-making, uphold compliance and foster accountability.

The Board Charter, Code of Conduct, Whistleblower Policy, Anti-Bribery and Corruption Policy and Directors' Fit and Proper Policy is available on the Company's website at www.favellefavco.com.

FFCM	FES	IA
• Quality Policy • Health and Safety Policy • Environment Policy • Drugs and Alcohol Policy	• Drugs and Alcohol Policy • Environment Policy • Ethical Code and Conflicts of Interest • Company Quality Policy • Health and Safety Policy	• Stop Work Policy* • Integrated Management Policy* encompassing Quality, and Occupational Health and Safety ("OSH") • No Gift Policy*

** New policies were introduced to meet the requirements of ISO 45001 certification.*

In addition, FFCM's Senawang site and 100% of FES sites are ISO9001:2015 certified, while IA's scope covers design, fabrication, installation, testing and commissioning of plant/process control and instrumentation.

Data Privacy and Security

We prioritise the protection of sensitive information through cybersecurity measures, access controls and compliance with the Personal Data Protection Act ("PDPA") 2010 and its amendments, to safeguard confidentiality and operational integrity. In the event of a data breach, our Incident Response Team, quickly contains the breach, assesses impact and notifies affected customers and regulators.

The following are measures and procedures we have in place to mitigate data breaches.

Data Classification: Categorising data based on sensitivity and importance to ensure higher protection for more sensitive information.

Data Minimisation: Collecting and retaining only personal data necessary for business purposes, reducing the risk of exposure in case of a breach.

There were zero substantiated complaints regarding breaches of customer privacy and losses of customer data in the year under review.

Environmental Stewardship

The Group reduces our environmental footprint through efficient resource management and sustainable practices, focusing on conservation and minimising the impact of our manufacturing and engineering activities.

Sustainability Statement (Cont'd)

Energy, Emissions and Climate Resilience

Our energy consumption primarily arises from manufacturing, testing, commissioning, logistics and facility operations. We comply with the Environment Quality Act 1974 and its amendments, and Department of Environment ("DOE") regulations, striving to minimise environmental impact and uphold regulatory compliance.

FY2024		
18,220 GJ total energy consumed	**3,485 tCO_2e total GHG emissions**	
Scope 1	**Scope 2**	**Scope 3**
472 tCO_2e	**2,166 tCO_2e**	**847 tCO_2e**

Note: Commenced disclosures for Scope 1, 2 and 3 GHG emissions in FY2024

In FY2024, the Group implemented various efforts to optimise energy consumption and integrate renewable energy across our operations.

FFCM	FES	IA
• Installed transparent roof claddings inside factory • Adopted outdoor lighting timer systems around the factory • Installed solar photovoltaic ("PV") panels at our facilities, generating a capacity of 297,021 kWh	• Adopted outdoor lighting timer systems around the premises	• Shutting down idle equipment

Note: In FY2024, FFCM's solar power generated (kWh) saw a decrease due to a drop in Power Factor ("PF"), caused by a malfunctioning capacitor, which resulted in inefficient utilisation of the solar system.

Waste and Pollution Management

Our scheduled waste primarily consists of manufacturing byproducts and is managed in compliance with the Environmental Quality (Scheduled Waste) Regulations 2005, ensuring proper handling, storage and disposal by licensed contractors. We conducted HSE Awareness Campaigned at our manufacturing facilities and HQ to promote responsible waste handling.

We appointed Certified Environmental Professional in Scheduled Waste Management ("CePSWaM") personnel to oversee sustainable waste management, ensuring the effective implementation of waste reduction initiatives.

In addition, FFB promotes sustainable practices across our operations, implementing responsible disposal methods and pollution controls. Our subsidiaries implemented the following efforts to responsibly manage waste generation.

FFCM	Engaged with DOE registered licensed contractor to managed and collect scheduled waste.
FES	For general waste, FES has placed designated bins across operations, which are collected by the registered contracted for disposal. Scheduled waste is collected from the designated storage area and sent to the DOE registered contractor.

Sustainability Statement (Cont'd)

Waste and Pollution Management (continued)

To minimise air pollution, a paint booth with water curtains is used to capture and reduce VOCs during painting operations. Meanwhile, for water pollution management, we have installed five oil interceptors at our Senawang facility to effectively capture waste oil and reduce the risk of discharge into water bodies.

Water Management

Efficient water management is important to the Group, supporting industrial processes, cooling systems and equipment maintenance. FFB implements initiatives to optimise water consumption while meeting regulatory compliance. In FY2024, our total water consumption amounted to 42 megalitres ("ML"). To manage our consumption, we implemented the initiatives below.

FFCM
- Installed a rainwater harvesting system at Guard House 2 and the Logistics office
- Utilised rainwater to clean small parts during the Pre-Delivery Inspection ("PDI") process
- Reused test water from leak detection in other crane operations

FES
- Installed a rainwater catchment system for cleaning machinery

IA
- Fitted a dual flush system in restrooms to minimise water usage for light loads

Social Responsibility

FFB, a leading manufacturer of cranes and lifting solutions, upholds social responsibility to create positive value for employees, communities and stakeholders. Our efforts centre on workplace safety, talent development and meaningful community engagement.

Occupational Health and Safety

We enforce strict safety protocols, training and risk management to protect our workforce and drive operational excellence. Guided by our Safety and Health Policy, we comply with the Occupational Safety and Health Act ("OSHA") 1994 and its amendments. The Group's Environment, Health and Safety Committee oversees implementation and monitoring across all sites. Misconduct such as smoking in restricted areas and working under the influence of alcohol or drugs, is also prohibited under our Code of Ethics, Business Practice and Conduct Policies and Procedures.

Mitigating OHS Risks

Zero instances of major non-compliances with health and safety regulations

FFCM and FES maintain a Health, Safety and Environmental ("HSE") Committee and a Hazard Identification Risk Assessment ("HIRARC") system to identify, assess and manage HSE risks. The committee oversees safety protocols, while HIRARC documents and controls potential hazards. Our subsidiary, IA also adopts Risk Assessment Management procedures to mitigate operational risks and ensure compliance.

Sustainability Statement (Cont'd)

Employee Participation, Consultation and Communication on OHS

As safety is a top priority for the Group, FFB actively engages with employees to improve safety in our operations.

FFCM	FES	IA
• Appointed a health and safety ("H&S") officer to oversee the implementation of safety procedures onsite during daily UAUC inspections and conducted monthly management safety inspections	• Conducted daily inspections of potential workplace hazards during toolbox talks • Held HSE committee meetings every three months to discuss potential risks and mitigation measures • Organised quarterly engagement sessions with the management during the HSE programme	• Engaged with employees through quarterly engagement sessions

Health and Safety Training Programmes

To embed a culture of safety, FFB conducted the following training programmes in FY2024.

Basic Occupational First Aid, Cardiopulmonary Resuscitation ("CPR") & Automated External Defibrillator ("AED") Training Course
Participants were trained in basic life support ("BLS") skills including CPR and response to choking, as well as key first aid topics such as managing bleeding, wounds, burns and other common injuries.

Safety Induction Training
These training sessions were designed to help new employees understand how to work safely and responsibly in their new environment

Safety and Health Procedures
These safety training cover the core elements of our Safety and Health Management System, including policies on safety, environment, and substances use, It introduces the 10 FFCM Life Saving Rules, emphasizes proper Personal Protective Equipment ("PPE") use in factory and explains emergency assembly point locations.

Health and Safety Initiatives

During the year, FFB's subsidiaries implemented the initiatives below to enhance Group-wide OHS.

FFCM	FES	IA
Implemented the Vision Zero ("Zero LTI") and UAUC programmes to promote health and safety among employees, clients and supplier to actively identify potential hazards and preventive measures.	Launched a reward programme to encourage employee participation through a HSE competition, where participating employees will be rewarded for reporting and identifying unsafe acts.	In preparation for ISO 45001 certification in 2025, IA has introduced measures to strengthen HSE culture, including training, OHS Committees, HSE UAUC via Google Forms and workplace inspections, among others.

Sustainability Statement (Cont'd)

Labour Practices and Standards

As a labour-intensive industry player, the Group prioritises fair wages, ethical employment practices and compliance with labour laws to foster a productive and engaged workforce. Our recruitment process includes age and identity verification, background checks and qualification assessments.

FFB prioritises the effective management of foreign labour through initiatives that promote the fair treatment, safety, and rights of workers. This includes housing, clean facilities, transportation and support services such as language assistance, healthcare access and social integration programmes. Regular inspections and audits are carried out to ensure proper management of foreign labour and compliance with internal standards.

In upholding a fair and transparent workplace, we have a Whistleblower Policy in place, which provides a structured, confidential and retaliation-free mechanism for reporting ethical, legal or workplace concerns. The Group has established clear processes for handling human rights complaints through multiple channels, including online forms, email, anonymous hotlines, and in-person reporting There were no grievances recorded in the year under review.

Diversity and Talent Management

The Group values workforce diversity as a driver of innovation and competitiveness in engineering, manufacturing and automation. We prioritise talent development, inclusive practices and employee engagement through competitive salaries, flexible work arrangements and continuous learning. FFCM promotes a respectful, non-discriminatory workplace guided by merit-based hiring and embedded DEI principles.

RM506,249 invested in employee training and development programmes

In 2024, the Group introduced initiatives such as diversity and inclusion training, mentorship, equitable hiring and leadership accountability to strengthen workplace inclusion. Our employees also took part in a range of development programmes including those related to Artificial Intelligence ("AI"), safety and health as well as soft skills and leadership training.

Community Engagement and Contribution

FFB engages in community initiatives to build strong relationships, enhance corporate reputation and support sustainable development. In FY2024, we invested RM44,529 in these initiatives for three organisations.

Bringing Sustainability to New Heights

The Group remains committed to excellence, prioritising health and safety, ethical conduct and regulatory compliance. We strive to enhance quality control and customer satisfaction, delivering cranes and intelligent automation solutions that meet the highest standards of reliability and performance. These efforts support our industry leadership, strengthen stakeholder trust and drive long-term sustainable value for our business and stakeholders.

Sustainability Statement (Cont'd)

Bursa ESG Performance Data Table

Indicator	Unit	FY2023	FY2024
Economic			
Supply Chain Management			
Bursa C7(a) Proportion of spending on local suppliers	%	65.34*	73.42
Governance			
Corporate Governance, Risk Management and Anti-Corruption			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
• Management	%	5*	4
• Executive	%	24*	25
• Non-Executive/Technical Staff	%	24*	16
Bursa C1(b) Percentage of operations assessed for corruption related risks	%	0	0
Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	0
Data Privacy and Security			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0
Environment			
Energy, Emissions and Climate Resilience			
Bursa C4(a) Total energy consumption	GJ	12,629	18,220
Bursa C4(a) Total energy consumption	MWh	3,508*	5,061
Bursa C11(a) Scope 1 emissions in tonnes of CO_2e	tCO_2e	234	472
Bursa C11(b) Scope 2 emissions in tonnes of CO_2e	tCO_2e	1,597	2,166
Bursa C11(c) Scope 3 emissions in tonnes of CO_2e (business travel and employee commuting)	tCO_2e	-	847
Water Management			
Bursa C9(a) Total volume of water used	ML	42*	42
Waste and Pollution Management			
Bursa C10(a) Total waste generated	Metric tonnes	33.21	31.01
Bursa C10(a) Total waste diverted from disposal	Metric tonnes	21.57	9.65
Bursa C10(a) Total waste directed to disposal	Metric tonnes	11.64	21.36

Sustainability Statement (Cont'd)

Bursa ESG Performance Data Table (continued)

Indicator	Unit	FY2023	FY2024
Social			
Occupational Health and Safety			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR") – per 200,000 hours of work	Rate	0.08*	0.29
Bursa C5(c) Number of employees trained on health and safety standards	Number	508	262
Labour Practices and Standards			
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0
Diversity and Talent Management			
Bursa C6(a) Total hours of training by employee category			
• Management	Hours	434	343
• Executive	Hours	4,445	2,617
• Non-Executive/Technical Staff	Hours	2,849	2,859
Bursa C6(c) Total number of employee turnover by employee category			
• Management	Number	1	7
• Executive	Number	52	53
• Non-Executive/Technical Staff	Number	33	42
Bursa C3(a) Percentage of employees by gender and age group, for each employee category Gender group by employee category			
• Senior Management/ Management (Male)	%	76*	78
• Senior Management/ Management (Female)	%	24*	22
• Executive (Male)	%	66*	68
• Executive (Female)	%	34*	32
• Non-Executive/Technical Staff (Male)	%	93*	92
• Non-Executive/Technical Staff (Female)	%	7*	8
Age group by employee category			
• Management (<30)	%	0*	0
• Management (30-50)	%	72*	74
• Management (>50)	%	28*	26
• Executive (<30)	%	26*	31
• Executive (30-50)	%	72*	65
• Executive (>50)	%	2*	3
• Non-Executive/Technical Staff (<30)	%	22*	27
• Non-Executive/Technical Staff (30-50)	%	69*	62
• Non-Executive/Technical Staff (>50)	%	10*	11
Bursa C3(b) Percentage of directors by gender and age			
Male	%	86	86
Female	%	14	14
<30 years	%	0	0
30-50 years	%	14	14
>50 years	%	86	86

Sustainability Statement (Cont'd)

Bursa ESG Performance Data Table (continued)

Indicator	Unit	FY2023	FY2024
Social			
Diversity and Talent Management			
Bursa C6(b) Percentage of employees that are contractors or temporary staff			
• Permanent	%	99*	97
• Contract	%	1*	3
Community Engagement and Contribution			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	117,213	44,529
Bursa C2(b) Total number of beneficiaries of the investment in communities (for organisation)	Number	4	3

Note: Data labelled with asterisk (*) were restated

Financial Statements

Directors' Report for the financial year ended 31 December 2024

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

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	53,869	18,024
Non-controlling interests	12,861	-
Profit after taxation for the financial year	66,730	18,024

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 9.00 sen per ordinary share totaling RM21,167,619 in respect of the financial year ended 31 December 2023 on 22 August 2024.

The final ordinary tax exempt dividend recommended by the Directors in respect of the financial year ended 31 December 2024 is 9.00 sen per ordinary share totaling RM21,170,499 and is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Directors of the Company

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

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 2024 (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 1.1.2024	Bought	Sold	At 31.12.2024
Interests in the Company				
Mac Chung Hui	3,842,000	262,000	-	4,104,000
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	2,499,600	217,000	50,000	2,666,600

	Number of ordinary shares			
	At 1.1.2024	Bought	Sold	At 31.12.2024
Indirect interest in the Company				
Mac Ngan Boon @ Mac Yin Boon*	150,609,043	-	-	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 1.1.2024	Bought	Sold	At 31.12.2024
Interests in the holding company - Muhibbah Engineering (M) Bhd.				
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 2024 (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 1.1.2024	Granted	Exercised	At 31.12.2024
The Company				
Mac Chung Hui	1,750,000	-	262,000	1,488,000
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	-	217,000	1,233,000

	Number of options over ordinary shares			
	At 1.1.2024	Granted	Exercised	At 31.12.2024
Holding company - Muhibbah Engineering (M) Bhd.				
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 2024 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 2024 (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	1,862	1,853
Total short-term employees benefits	2,139	2,045
Non Executive Directors		
- Fees	151	144
- Other benefits	44	43
Total short-term employees benefits	195	187
	2,334	2,232

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 RM195,072,000 to RM198,323,000 by way of an issuance of 1,618,000 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 RM2,346,000; and

(b) there was no issuance of debentures 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 2024 (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 2024 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 2024 (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:-

	Group RM'000	Company RM'000
Audit fees	1,012	75
Non-audit fees	20	20
	1,032	95

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: 15 April 2025

Statements of Financial Position as at 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Assets					
Property, plant and equipment	3	518,207	543,719	84	123
Intangible assets	4	-	-	-	-
Goodwill	5	75,283	75,283	-	-
Investment property	6	-	-	49,107	49,264
Investment in subsidiaries	7	-	-	179,497	179,497
Investment in associates	8	5,846	3,857	6,381	6,381
Deferred tax assets	10	30,132	28,753	4,274	2,686
Receivables, deposits and prepayments	9	1,440	6,885	6,204	14,062
Long-term funds	11	2,952	8,153	-	-
Total non-current assets		633,860	666,650	245,547	252,013
Receivables, deposits and prepayments	9	278,457	235,803	34,416	28,575
Contract assets	12	157,100	151,245	-	-
Inventories	13	208,734	229,836	-	-
Current tax assets		2,447	2,313	-	-
Derivative assets	21	-	499	-	-
Deposits, cash and bank balances	14	161,173	164,861	3,362	3,387
Total current assets		807,911	784,557	37,778	31,962
Total assets		1,441,771	1,451,207	283,325	283,975

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

Statements of Financial Position as at 31 December 2024 (Cont'd)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Equity					
Share capital	15	198,323	195,072	198,323	195,072
Reserves	16	125,192	143,453	1,776	863
Retained earnings		459,011	426,265	83,051	86,195
Total equity attributable to owners of the Company		782,526	764,790	283,150	282,130
Non-controlling interests		28,166	22,859	-	-
Total equity		810,692	787,649	283,150	282,130
Liabilities					
Deferred tax liabilities	10	64,589	63,592	-	-
Loans and borrowings	17	5,861	7,509	-	-
Hire Purchase and lease liabilities	18	15,422	19,225	-	-
Total non-current liabilities		85,872	90,326	-	-
Contract liabilities	12	150,015	162,596	-	-
Derivative liabilities	21	1,143	-	-	-
Loans and borrowings	17	83,101	60,509	-	-
Hire Purchase and lease liabilities	18	7,816	9,286	-	-
Payables and accruals	19	265,374	298,388	135	1,813
Provision for warranties	20	32,493	34,583	-	-
Current tax liabilities		5,265	7,870	40	32
Total current liabilities		545,207	573,232	175	1,845
Total liabilities		631,079	663,558	175	1,845
Total equity and liabilities		1,441,771	1,451,207	283,325	283,975

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 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Revenue	22	901,124	765,161	28,522	35,942
Cost of sales		(687,474)	(544,851)	-	-
Gross profit		213,650	220,310	28,522	35,942
Other income		4,013	7,945	33	1,481
Distribution costs		(19,119)	(16,777)	-	-
Administrative expenses		(108,501)	(105,518)	(5,919)	(5,138)
Results from operating activities		90,043	105,960	22,636	32,285
Finance income	23	6,995	3,807	1,680	1,334
Finance costs	24	(5,405)	(9,335)	(1,348)	(2,342)
Net loss on impairment of financial assets and contract assets	25	(2,800)	(15,900)	(6,616)	(4,383)
Operating profit		88,833	84,532	16,352	26,894
Share of profit in associates, net of tax		1,989	822	-	-
Profit before tax	26	90,822	85,354	16,352	26,894
Income tax (expense)/credit	28	(24,092)	(23,898)	1,672	1,122
Profit for the year		66,730	61,456	18,024	28,016

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 2024 (Cont'd)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Profit for the year		66,730	61,456	18,024	28,016
Other comprehensive income for the financial year, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(18,880)	10,866	-	-
Other comprehensive income for the financial year, net of tax		(18,880)	10,866	-	-
Total comprehensive income for the financial year		47,850	72,322	18,024	28,016
Profit attributable to:					
Owners of the Company		53,869	50,554	18,024	28,016
Non-controlling interests		12,861	10,902	-	-
Total comprehensive income for the financial year		66,730	61,456	18,024	28,016
Total comprehensive income attributable to:					
Owners of the Company		34,740	61,505	18,024	28,016
Non-controlling interests		13,110	10,817	-	-
Total comprehensive income for the financial year		47,850	72,322	18,024	28,016
Earnings per ordinary share (sen)					
- Basic	29	22.97	21.64		
- Diluted	29	22.72	21.33		

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 2024

Group	Note	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
		Attributable to owners of the Company								
				Non-distributable			Distributable			
At 1 January 2023		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	30	-	-	-	-	3,043	-	3,043	-	3,043
- Transfer of share capital for share options exercised		24	-	-	-	(24)	-	-	-	-
- Dividend to shareholders	31	-	-	-	-	-	(9,343)	(9,343)	-	(9,343)
- Dividend to non-controlling interest		-	-	-	-	-	-	-	(11,300)	(11,300)
At 31 December 2023		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.

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2024 (Cont'd)

Group	Note	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
		Attributable to owners of the Company								
				Non-distributable			Distributable			
At 1 January 2024		195,072	(3,006)	19,874	122,716	3,869	426,265	764,790	22,859	787,649
Profit after taxation for the financial year		-	-	-	-	-	53,869	53,869	12,861	66,730
Other comprehensive income for the financial year:										
- Foreign currency translation differences for foreign operations		-	-	(19,129)	-	-	-	(19,129)	249	(18,880)
- Crystallisation of revaluation reeserve		-	-	-	(45)	-	45	-	-	-
Total comprehensive income		-	-	(19,129)	(45)	-	53,914	34,740	13,110	47,850
Contribution by and distribution to owners of the Company:										
- Issue of ordinary shares		2,346	-	-	-	-	-	2,346	-	2,346
- Share-based payment	30	-	-	-	-	1,818	-	1,818	-	1,818
- Transfer of share capital for share options exercised		905	-	-	-	(905)	-	-	-	-
- Dividend to shareholders	31	-	-	-	-	-	(21,168)	(21,168)	-	(21,168)
- Dividend to non-controlling interest		-	-	-	-	-	-	-	(7,803)	(7,803)
At 31 December 2024		198,323	(3,006)	745	122,671	4,782	459,011	782,526	28,166	810,692
		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 2024

Company	Note	Share capital RM'000	Treasury shares RM'000	*Non-distributable* Share option reserve RM'000	*Distributable* Retained earnings RM'000	Total equity RM'000
At 1 January 2023		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)
At 31 December 2023/ At 1 January 2024		195,072	(3,006)	3,869	86,195	282,130
Profit for the financial year/ Total comprehensive income for the financial year		-	-	-	18,024	18,024
Contribution by and distribution to owners of the Company:						
- Issue of ordinary shares		2,346	-	-	-	2,346
- Share-based payment	30	-	-	1,818	-	1,818
- Transfer to share capital for share options exercised		905	-	(905)	-	-
- Dividend to shareholders	31	-	-	-	(21,168)	(21,168)
At 31 December 2024		198,323	(3,006)	4,782	83,051	283,150
		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 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows from operating activities					
Profit before tax		90,822	85,354	16,352	26,894
Adjustments for:					
Amortisation of intangible assets		-	6	-	-
Amortisation of right-of-use assets		6,502	7,637	-	-
Allowance for impairment losses on receivables		15,581	18,346	6,616	5,935
Allowance for slow moving inventories	13	2,344	1,717	-	-
Bad debts written off		9	3,568	-	-
Capital gain on short-term funds		(406)	(709)	(33)	(133)
Depreciation expenses:					
- investment property		-	-	190	443
- property, plant and equipment		32,608	33,547	39	42
Dividend income from subsidiaries		-	-	(26,705)	(34,834)
Finance costs	24	5,405	9,335	1,348	2,342
Finance income	23	(6,995)	(3,807)	(1,680)	(1,334)
Gain on disposal of property, plant and equipment		(1,488)	(123)	-	-
Net unrealised loss/(gain) on foreign exchange		9,269	(7,823)	1,944	(1,344)
Net fair value adjustment on derivative instruments		1,642	(73)	-	-
Property, plant and equipment written off		5	-	-	-
Provision for warranties		6,871	5,618	-	-
Provision of foreseeable losses		1,796	1,232	-	-
Reversal of impairment losses		(12,781)	(2,446)	-	(1,552)
Reversal of provision for warranties		(5,387)	(5,249)	-	-
Reversal of provision of foreseeable losses		(2,900)	(3,200)	-	-
Share-based payments		1,818	3,043	1,818	3,043
Share of (gain)/loss in associates, net of tax		(1,989)	(822)	-	-
Writedown of inventories	13	340	496	-	-
Operating profit/(loss) before changes in working capital		143,066	145,647	(111)	(498)
Inventories		18,418	(25,960)	-	-
Receivables, deposits and prepayments		(50,187)	(30,451)	21,343	8,703
Payables and accruals		(53,399)	61,872	(1,186)	720
Interest received		3,881	3,549	602	436
Interest paid		(3,976)	(6,402)	-	-
Warranties paid		(240)	(550)	-	-
Income tax (paid)/refunded		(26,294)	(17,776)	92	102
Net cash generated from operating activities		31,269	129,929	20,740	9,463

Statements of Cash Flows for the financial year ended 31 December 2024 (Cont'd)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows (for)/from investing activities					
Acquisition of property, plant and equipment	14.2	(32,293)	(17,504)	-	-
Acquisition of investment property		-	-	(33)	-
Capital gain on short-term funds		406	709	33	133
Proceeds from disposal of property, plant and equipment		10,053	629	-	-
Decrease/(Increase) in long term fund		5,201	(528)	-	-
Net cash (used in)/generated from investing activities		(16,633)	(16,694)	-	133
Cash flows for financing activities					
Dividend paid to shareholders of the Company	31	(21,168)	(9,343)	(21,168)	(9,343)
Dividend paid to non-controlling interest		-	(3,474)	-	-
Net drawdown/(repayment) of loans and borrowings		7,759	(36,389)	-	-
Proceeds from issuance of new shares	15	2,346	60	2,346	60
Net cash used in financing activities		(11,063)	(49,146)	(18,822)	(9,283)
Exchange differences on translation of the financial statements of foreign operations		(11,534)	1,475	-	-
Net (decrease)/increase in cash and cash equivalents		(7,961)	65,564	1918	313
Effect of exchange rate fluctuations on cash held		(735)	177	(1,943)	23
Cash and cash equivalents at beginning of the financial year		164,861	99,120	3,387	3,051
Cash and cash equivalents at end of the financial year	14	156,165	164,861	3,362	3,387

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 2024 (Cont'd)

(i) Cash and cash equivalents

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

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Deposits placed with licensed banks	14	70,123	41,842	-	-
Short-term funds	14	27,976	21,973	892	586
Cash and bank balances	14	63,074	101,046	2,470	2,801
Deposits, cash and bank balances		161,173	164,861	3,362	3,387
Less:					
Bank overdrafts	17	(5,008)	-	-	-
Cash and cash equivalents		156,165	164,861	3,362	3,387

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 2024 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 2024 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 15 April 2025.

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 16: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101: Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Notes to the financial statements (Cont'd)

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.

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) Critical accounting estimates and judgements

The preparation of financial statements in conformity with MFRSs 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 effects on the amounts recognised in the financial statements other than the estimation and judgment exercised by the Group as disclosed below:

(i) Recognition of 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.

Notes to the financial statements (Cont'd)

2. Material accounting policy information (continued)

(a) Critical accounting estimates and judgements (continued)

(i) Recognition of revenue from contract with customers (continued)

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.

(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.

Notes to the financial statements (Cont'd)

2. Material accounting policy information (continued)

(a) Critical accounting estimates and judgements (continued)

(ii) Impairment of receivables

For trade receivables and contract assets, the Group:
- uses the simplified approach to estimate a lifetime expected credit loss allowance; and
- shall adjust (where necessary) for qualitative and quantitative reasonable and supportable forward-looking information.

For non-trade financial assets, the loss allowances are estimated based on the assumptions on risk of default and expected loss rates.

(iii) Impairment of Property and Equipment, Investment Properties, Investments in Associates and Right-of-use Assets

- Evaluation for impairment is subject to changes such as market performance, economic and political situation of the country.

(iv) Impairment of Goodwill

- Estimation of the value in use and the expected cash flows.

(v) Depreciation of Property and Equipment

- Estimation of the residual values, useful lives and related depreciation charges.

(vi) Income Taxes

- Estimation of the tax liabilities based on the Group's understanding of the prevailing tax laws.

(vii) Discount Rates used in Leases

- Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term or with necessary adjustment where applicable for a similar value to the right-of-use asset.

(viii) Lease Terms

- Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period.

(ix) Contingent liabilities

- The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after taken into accounts various reasonable relevant factors including experts opinion, if any, where applicable.

Notes to the financial statements (Cont'd)

2. Material accounting policy information (continued)

(b) 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 expensed as incurred.

(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.

Notes to the financial statements (Cont'd)

2. Material accounting policy information (continued)

(b) Basis of consolidation (continued)

(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 on 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)

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

(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 and 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 contact 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.

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 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 the 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 also 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.

Notes to the financial statements (Cont'd)

2. Material accounting policy information (continued)

(e) Right-of-use and lease liabilities

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.

Notes to the financial statements (Cont'd)

2. Material accounting policy information (continued)

(f) Intangible assets (continued)

(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.

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 assets 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.

Notes to the financial statements (Cont'd)

2. Material accounting policy information (continued)

(g) Investment property

Investment properties carried at cost

Investment properties are properties which are owned and 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.

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.

(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 is 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.

Notes to the financial statements (Cont'd)

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
Cost/Valuation								
At 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/ 1 January 2024	231,069	63,179	360,618	134,624	697	790,187	105,019	895,206
Additions	-	33	24,338	11,081	-	35,452	3,038	38,490
Disposals	-	-	(15,598)	(2,638)	-	(18,236)	-	(18,236)
Reclassification	-	-	256	-	-	256	(1)	255
Transfer	-	-	692	5	(697)	-	-	-
Written off	-	-	-	(851)	-	(851)	-	(851)
Effect of movements in exchange rates	(1,210)	(1,715)	(18,473)	(3,277)	-	(24,675)	(6,576)	(31,251)
At 31 December 2024	229,859	61,497	351,833	138,944	-	782,133	101,480	883,613
Representing items at:								
Cost	64,641	61,497	351,833	138,944	-	616,915	101,480	718,395
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 – 2023	142,383	-	-	-	-	142,383	-	142,383
	229,859	61,497	351,833	138,944	-	782,133	101,480	883,613

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
Accumulated depreciation and impairment loss								
At 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/ 1 January 2024	-	29,953	164,181	115,100	-	309,234	42,253	351,487
Depreciation for the year	-	955	25,084	6,569	-	32,608	6,502	39,110
Disposals	-	-	(7,173)	(2,498)	-	(9,671)	-	(9,671)
Reclassification	-	-	256	-	-	256	(1)	255
Written off	-	-	-	(846)	-	(846)	-	(846)
Effect of movements in exchange rates	-	(1,365)	(8,499)	(2,747)	-	(12,611)	(2,318)	(14,929)
At 31 December 2024	-	29,543	173,849	115,578	-	318,970	46,436	365,406
Carrying amounts								
At 1 January 2023	230,051	34,163	201,840	19,406	655	486,115	61,989	548,104
At 31 December 2023/ 1 January 2024	231,069	33,226	196,437	19,524	697	480,953	62,766	543,719
At 31 December 2024	229,859	31,954	177,984	23,366	-	463,163	55,044	518,207

Notes to the financial statements (Cont'd)

3. Property, plant and equipment (continued)

Company	Property, plant and equipment RM'000
Cost/Valuation	
At 1 January 2023	417
Additions	-
At 31 December 2023/1 January 2024	417
Additions	-
At 31 December 2024	417
Accumulated depreciation	
At 1 January 2023	252
Depreciation for the year	42
At 31 December 2023/1 January 2024	294
Depreciation for the year	39
At 31 December 2024	333
Carrying amounts	
At 31 December 2023	123
At 31 December 2024	84

3.1 Security

The freehold land and buildings of certain subsidiaries with net book value of RM33,000,000 (2023 - RM34,600,000) were charged as security for bank term loan facilities of these subsidiaries prior to the Group acquisition of these subsidiaries (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 2024, 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 RM65,746,000 (2023 - RM66,956,000).

Notes to the financial statements (Cont'd)

3. Property, plant and equipment (continued)

Land

Included in the carrying amounts of land are:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Freehold land	229,859	231,069	44,255	44,255
Long term leasehold land*	280	219	-	-
	230,139	231,288	44,255	44,255

*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	Total RM'000
2024			
At 1 January 2024	9,621	53,145	62,766
Addition during the year	3,038	-	3,038
Depreciation	(2,653)	(3,849)	(6,502)
Exchange difference	(64)	(4,194)	(4,258)
At 31 December 2024	9,942	45,102	55,044
2023			
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	9,621	53,145	62,766

Notes to the financial statements (Cont'd)

4. Intangible assets

Group	Development costs RM'000
Cost	
At 1 January 2023	663
Effect of movement in exchange rates	50
At 31 December 2023/1 January 2024	713
Effect of movement in exchange rates	(59)
At 31 December 2024	654
Amortisation and impairment loss	
At 1 January 2023	
Accumulated amortisation	358
Accumulated impairment loss	299
At 1 January 2023	657
Amortisation for the year	6
Effect of movements in exchange rates	50
At 31 December 2023/1 January 2024	
Accumulated amortisation	414
Accumulated impairment loss	299
At 31 December 2023/1 January 2024	
Amortisation for the year	-
Effect of movements in exchange rates	(59)
At 31 December 2024	
Accumulated amortisation	355
Accumulated impairment loss	299
At 31 December 2024	654
Carrying amounts	
At 31 December 2023	-
At 31 December 2024	-

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 (Cont'd)

5. Goodwill

	Group 2024 RM'000	Group 2023 RM'000
Cost/ Carrying amounts		
At 1 January	75,283	75,283
Acquisition of a subsidiary	-	-
At 31 December	75,283	75,283
Carrying amounts		
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 2024 %	Average Gross Margin 2023 %	Average Growth Rate 2024 %	Average Growth Rate 2023 %	Discount Rate 2024 %	Discount Rate 2023 %	Terminal Growth Rate 2024 %	Terminal Growth Rate 2023 %
Intelligent automation group	29 - 30	24 - 29	5 - 6	4 - 6	9	9	-	-

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 (Cont'd)

6. Investment property

	Company 2024 RM'000	Company 2023 RM'000
Cost		
At 1 January/ 31 December	53,819	53,819
Addition	33	-
At 31 December	53,852	53,819
Accumulated Depreciation and impairment loss		
At 1 January	4,555	4,112
Depreciation	190	443
At 31 December	4,745	4,555
Carrying amounts		
At 31 December	49,107	49,264

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 2024 RM'000	Company 2023 RM'000
Unquoted shares – at cost	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 2024 RM'000	Company 2023 RM'000
Allowance for impairment losses:-		
At 1 January	63,394	63,394
Written off	-	-
At 31 December	63,394	63,394

Notes to the financial statements (Cont'd)

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 2024 %	Effective ownership interest 2023 %
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 2024 %	Effective ownership interest 2023 %
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 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Unquoted shares, at cost	19,424	19,424	19,424	19,424
Share of post-acquisition reserves	(12,471)	(14,460)	-	-
Less: Impairment loss	(1,107)	(1,107)	(13,043)	(13,043)
	5,846	3,857	6,381	6,381

Notes to the financial statements (Cont'd)

8. Investments in associates (continued)

The details of the associates are as follows:

Company	Principal activities	Country of incorporation	Effective ownership interest 2024 %	Effective ownership interest 2023 %
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 2024 RM'000	Group 2023 RM'000
Gross amount of the major associates		
Non-current assets	42,874	63,116
Current assets	37,686	38,801
Non-current liabilities	13,209	13,870
Current liabilities	63,825	81,010
Revenue	52,858	58,062
Loss for the year	(3,444)	(3,727)
Carrying amount in the consolidated financial statements	5,846	3,857

9. Receivables, deposits and prepayments

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Non-current					
Non-trade					
Advance to subsidiaries	9.1	-	-	17,305	18,367
Less: Allowance for impairment loss		-	-	(12,541)	(11,190)
Advance to an associate	9.2	6,705	6,885	6,705	6,885
Less: Allowance for impairment loss		(5,265)	-	(5,265)	-
		1,440	6,885	6,204	14,062

Notes to the financial statements (Cont'd)

9. Receivables, deposits and prepayments (continued)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Current					
Trade					
Trade receivables		272,770	201,924	-	-
Less: Allowance for impairment loss		(60,554)	(57,941)	-	-
	9.3	212,216	143,983	-	-
Amount due from holding company	9.4	76	78	-	-
Amount due from related companies	9.5	1,019	4,950	-	-
Less: Allowance for impairment loss		(90)	(1,931)	-	-
Amount due from associates	9.6	57,213	69,404	-	-
Less: Allowance for impairment loss		(13,912)	(17,325)	-	-
		44,306	55,176	-	-
Non-trade					
Amount due from subsidiaries	9.7	-	-	34,275	28,437
Less: Allowance for impairment loss		-	-	-	-
		-	-	34,275	28,437
Amount due from related companies	9.5	25	138	-	-
Less: Allowance for impairment loss		-	(98)	-	-
Amount due from associates	9.6	85	69	-	-
Other receivables		7,512	18,547	56	60
Less: Allowance for impairment loss		(252)	(279)	-	-
		7,370	18,377	56	60
Deposits		1,865	1,759	15	11
Prepayments		12,700	16,508	70	67
		14,565	18,267	85	78
Current		278,457	235,803	34,416	28,575
Non-current and current		279,897	242,688	40,620	42,637

	Trade receivable RM'000	Amount due from related companies RM'000	Other receivable RM'000	Amount due from associate RM'000	Total RM'000
Group					
Allowance for impairment losses:-					
At 1 January 2024	57,941	2,029	279	17,325	77,574
Addition during the financial year	15,355	-	90	-	15,445
Reversal during the financial year	(7,893)	(1,939)	(117)	(2,777)	(12,726)
Foreign exchange differences	(4,849)	-	-	(636)	(5,485)
At 31 December 2024	60,554	90	252	13,912	74,808

Notes to the financial statements (Cont'd)

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
Group					
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

	Amount due from associate RM'000	Amount due from subsidiaries RM'000	Total RM'000
Company			
Allowance for impairment losses:-			
At 1 January 2024	-	11,190	11,190
Addition during the financial year	5,265	1,351	6,616
At 31 December 2024	5,265	12,541	17,806
Company			
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

9.1 Advance to a subsidiary

The advance to a subsidiary is non-trade in nature, unsecured, subject to interest ranging from 1% - 2% (2023 - 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% (2023 - 1%) per annum and is not expected to be repaid within the next twelve months.

Notes to the financial statements (Cont'd)

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 2024 RM'000	Group 2023 RM'000
RM	AUD	69	752
RM	EUR	241	2
RM	RMB	9,264	11,088
RM	SGD	3,541	233
RM	USD	100,575	75,146

9.4 Amount due from holding company

The trade amount due from holding company is subject to the normal trade term of 30 (2023 - 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 (2023 - 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 (2023 - 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 2024 RM'000	Assets 2023 RM'000	Liabilities 2024 RM'000	Liabilities 2023 RM'000	Net 2024 RM'000	Net 2023 RM'000
Property, plant and equipment	-	-	70,583	74,284	70,583	74,284
Provisions	(36,896)	(34,573)	-	-	(36,896)	(34,573)
Other temporary differences	(10,493)	(9,800)	11,263	4,928	770	(4,872)
Tax (assets)/liabilities	(47,389)	(44,373)	81,846	79,212	34,457	34,839
Set off	17,257	15,620	(17,257)	(15,620)	-	-
Net tax (assets)/liabilities	(30,132)	(28,753)	64,589	63,592	34,457	34,839

Notes to the financial statements (Cont'd)

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

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

Company	2024 RM'000	2023 RM'000
Provisions	(4,274)	(2,686)
Deferred tax assets	(4,274)	(2,686)

Unrecognised deferred tax assets

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Property, plant and equipment	168	395	-	-
Provisions	(35,450)	(40,326)	-	-
Other temporary differences	(367)	(556)	-	-
Tax losses carry-forwards	(40,481)	(36,024)	-	-
	(76,130)	(76,511)	-	-

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

Group	Property, plant and equipment RM'000	Provisions RM'000	Other temporary differences RM'000	Total RM'000
As at 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/ 1 January 2024	74,284	(34,573)	(4,872)	34,839
Recognised in profit or loss (Note 28)	(2,783)	(2,322)	5,641	536
Foreign exchange differences	(918)	-	-	(918)
As at 31 December 2024	70,583	(36,895)	769	34,457

Company	Provisions RM'000	Total RM'000
As at 1 January 2023	(1,634)	(1,634)
Recognised in profit or loss	(1,052)	(1,052)
As at 31 December 2023/1 January 2024	(2,686)	(2,686)
Recognised in profit or loss	(1,588)	(1,588)
As at 31 December 2024	(4,274)	(4,274)

Notes to the financial statements (Cont'd)

11. Long-term funds

Investments at fair value through profit or loss:-

	Group 2024 RM'000	Group 2023 RM'000
Non-current		
Unquoted bonds, at fair value	2,952	8,153

12. Contract Assets/(Liabilities)

	Group 2024 RM'000	Group 2023 RM'000
Contract Assets		
Contract Assets relating to contracts	158,445	152,557
Allowance for impairment losses	(1,345)	(1,312)
	157,100	151,245
Allowance for impairment losses:-		
At 1 January:	1,312	1,106
Addition during the financial year	136	223
Reversal during the financial year	(55)	(37)
Foreign exchange differences	(48)	20
At 31 December	1,345	1,312
Contract Liabilities	(150,015)	(162,596)

(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 (2023 - a year).

(b) The contract liabilities primarily relate to advances received from customers on construction contracts. The amount will be recognised as revenue when the performance obligations are satisfied.

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

	Group 2024 RM'000	Group 2023 RM'000
At 1 January	(11,351)	(21,020)
Revenue recognised in profit or loss during the financial year	525,759	417,302
Progress billings	(503,131)	(409,257)
Impairment loss on contract assets	(136)	(223)
Reversal of impairment loss on contract assets	55	37
Exchange difference	(4,111)	1,810
At 31 December	7,085	(11,351)
Represented by:		
Contract assets	157,100	151,245
Contract liabilities	(150,015)	(162,596)
	7,085	(11,351)

Notes to the financial statements (Cont'd)

13. Inventories

	Group	
	2024 RM'000	**2023 RM'000**
At cost:		
Crane	-	298
Crane components	107,688	111,507
Work-in-progress	63,909	68,397
	171,597	180,202
At net realisable value:		
Cranes	22,426	27,395
Crane components	12,962	21,466
Work-in-progress	1,749	773
	208,734	229,836
Recognised in profit or loss:-		
Inventories recognised as cost of sales	535,510	420,458
Amount written down to net realisable value	340	496
Allowance for slow moving inventories	2,344	1,717

14. Cash flow information

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

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Short-term funds	27,976	21,973	892	586
Deposits placed with licensed banks	70,123	41,842	-	-
Cash and bank balances	63,074	101,046	2,470	2,801
Deposits, cash and bank balances	161,173	164,861	3,362	3,387
Less:				
Bank overdrafts (Note 17)	(5,008)	-	-	-
Cash & cash equivalent	156,165	164,861	3,362	3,387

(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 6.65% (2023 – 0.09% to 5.20%) and 0.88% to 5.05% (2023 - 1.30% to 5.20%) 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 2.15% to 5.44% (2023 - 1.60% to 3.15%) per annum.

Notes to the financial statements (Cont'd)

14. Cash flow information (continued)

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

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cost of property, plant and equipment purchased (Note 3)	38,490	22,521	-	-
Cost of investment property purchased (Note 6)	-	-	33	-
Amount financed through hire purchase	(3,159)	(4,139)	-	-
New lease acquired	(3,038)	(878)	-	-
Cash disbursed for purchase of property, plant and equipment	32,293	17,504	33	-

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

The Group	Bills Payable RM'000	Unsecured Insurance Premium Finance RM'000	Hire Purchase RM'000	Lease Liabilities RM'000	Term Loan RM'000	Revolving Credit RM'000	Total RM'000
2024							
At 1 January	31,679	-	23,895	4,616	16,339	20,000	96,529
Changes in Financing Cash Flows							
Proceeds from drawdown	100,028	-	-	-	2,736	17,000	119,764
Repayment of borrowing principal	(80,119)	-	(6,997)	(2,484)	(10,405)	(12,000)	(112,005)
Interest paid	(1,771)	-	(509)	(153)	(313)	(992)	(3,738)
	18,138	-	(7,506)	(2,637)	(7,982)	4,008	4,021
Non-cash Changes							
Foreign exchange adjustments	-	-	(1,969)	(20)	(1,304)	-	(3,293)
Acquisition of new leases	-	-	3,159	3,038	-	-	6,197
Interest expense	1,771	-	509	153	313	992	3,738
	1,771	-	1,699	3,171	(991)	992	6,642
At 31 December	51,588	-	18,088	5,150	7,366	25,000	107,192

Notes to the financial statements (Cont'd)

14. Cash flow information (continued)

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

The Group	Bills Payable RM'000	Unsecured Insurance Premium Finance RM'000	Hire Purchase RM'000	Lease Liabilities RM'000	Term Loan RM'000	Revolving Credit RM'000	Total RM'000
2023							
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

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

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Interest paid on lease liabilities	662	2,225	-	-
Payment of lease liabilities	9,481	11,506	-	-
	10,143	13,731	-	-

Notes to the financial statements (Cont'd)

15. Share capital

	Group and Company			
	Number of shares		Amount	
	2024	2023	2024	2023
	'000	'000	RM'000	RM'000
Issued and fully paid ordinary shares:				
At 1 January	234,955	234,913	195,072	194,988
Issue of ordinary shares	1,618	42	2,346	60
Transfer from share options	-	-	905	24
At 31 December	236,573	234,955	198,323	195,072

(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, 1,618,000 (2023 - 42,000) 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 2024.

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 (Cont'd)

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current				
Secured				
Term loan	5,861	7,509	-	-
	5,861	7,509	-	-
Current				
Secured				
Bank overdraft	5,008	-	-	-
Term loan	1,505	8,830	-	-
Unsecured				
Bills payable	51,588	31,679	-	-
Revolving credits	25,000	20,000	-	-
	83,101	60,509	-	-
Non-current and current	88,962	68,018	-	-

Terms and debt repayment schedule

	Year of maturity	Total carrying amount RM'000	Under 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000
Group					
2024					
Bank overdraft	2025	5,008	5,008	-	-
Term loans	2037	7,366	1,505	2,665	3,196
Bills payable	2025	51,588	51,588	-	-
Revolving credits	2025	25,000	25,000	-	-
		88,962	83,101	2,665	3,196
2023					
Term loans	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

Term loans

The secured term loans of the subsidiaries are charged against freehold land and buildings of certain subsudiaries prior to the acquisition by the Group (Note 3).

Notes to the financial statements (Cont'd)

18. Hire purchase and lease liabilities

	Group 2024 RM'000	Group 2023 RM'000
Non-current		
Hire purchase with financial institutions	12,714	17,064
Lease liabilities	2,708	2,161
	15,422	19,225
Current		
Hire purchase with financial institutions	5,374	6,831
Lease liabilities	2,442	2,455
	7,816	9,286
Non-current and current	23,238	28,511

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

	Group 2024 RM'000	Group 2023 RM'000
Under 1 year	7,814	9,286
1 – 2 years	8,546	7,535
3 – 5 years	6,878	11,690
Over 5 years	-	-
Total carrying value	23,238	28,511

19. Payables and accruals

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Current					
Trade					
Trade payables	19.1	197,929	200,712	-	-
Amount due to holding company	19.2	462	358	-	-
Amount due to related companies	19.3	2,005	6,079	-	-
		200,396	207,149	-	-

Notes to the financial statements (Cont'd)

19. Payables and accruals (continued)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Non-trade					
Amount due to holding company	19.2	1,204	885	-	-
Amount due to subsidiaries	19.4	-	-	-	1,700
Amount due to related companies	19.3	70	44	-	-
Amount due to associates	19.5	960	-	-	-
Other payables		18,017	36,004	23	8
Accrued expenses		44,727	54,306	112	105
		64,978	91,239	135	1,813
Total current		265,374	298,388	135	1,813

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 2024 RM'000	Group 2023 RM'000
RM	AUD	326	102
RM	EUR	7,769	9,737
RM	GBP	2,183	1,960
RM	RMB	2,568	122
RM	SGD	388	228
RM	USD	14,384	13,923

19.2 Amount due to holding company

The trade amount due to the holding company is subject to the normal trade term of 30 (2023 - 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.

19.3 Amount due to related companies

The trade amount due to related companies is subject to the normal trade term of 30 (2023 - 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 was unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

19.5 Amount due to associates

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

Notes to the financial statements (Cont'd)

20. Provision for warranties

	Group	
	2024 RM'000	2023 RM'000
At 1 January	34,583	33,368
Provision made during the year	6,871	5,618
Utilised during the year	(240)	(550)
Reversal during the year	(5,387)	(5,249)
Effect of movements in exchange rates	(3,334)	1,396
At 31 December	32,493	34,583

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

21. Derivative assets/(liabilities)

	Contract/ Notional amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
2024			
Group			
Forward foreign currency contracts	43,484	-	1,143
2023			
Group			
Forward foreign currency contracts	65,541	499	-
2024			
Company			
Forward foreign currency contracts	-	-	-
2023			
Company			
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.

Notes to the financial statements (Cont'd)

22. Revenue

Revenue comprises the following:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from contracts with customers	842,322	701,452	-	-
Revenue from other sources				
- rental income	58,802	63,709	1,817	1,108
- dividend income	-	-	26,705	34,834
	901,124	765,161	28,522	35,942

Breakdown of the Group's revenue:

	Crane		Intelligent Automation Group	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Sale of spare part for crane	98,589	118,621	-	-
Sale of industrial information technology equipment	-	-	258,398	223,845
Crane maintenance	26,214	20,037	-	-
Rental of crane	58,802	63,709	-	-
Sale of cranes	459,121	338,949	-	-
	642,726	541,316	258,398	223,845
Geographical market				
Inside Malaysia	285,223	270,602	255,672	221,847
Outside Malaysia	357,503	270,714	2,726	1,998
	642,726	541,316	258,398	223,845
Timing of revenue recognition				
- at a point of time	183,605	206,446	97,449	132,302
- over time	459,121	334,870	160,949	91,543
	642,726	541,316	258,398	223,845

Notes to the financial statements (Cont'd)

22. Revenue (continued)

Revenue Recognition Disclosures

Nature of Goods or Services	Timing and Method of Revenue Recognition	Significant Payment Terms	Variable Considerations	Warranty and Obligation for Returns or Refunds
Engineering, Procurement, Construction and Commissioning Works (including cranes and equipment)	Recognised over time using input method (costs incurred over total estimated costs) as performance obligations are satisfied.	Based on billings payment terms as per contract.	Adjustments may include incentives and penalties based on performance; estimated using most likely amount.	Provision for defect rectification costs for manufactured cranes sold.
Sale of Spare Parts and Ready-Made Cranes	Recognised at a point in time when control transfers to customer upon delivery and acceptance.	Payment as per contract.	Not applicable.	No right of return or warranty obligation specified.
Crane Maintenance and Rental Services	Recognised over time based on actual services rendered to date.	Invoice as per contract.	Not applicable.	Not applicable.
Dividend Income	Recognised at a point in time when right to receive is established.	Payment as per dividend declaration.	Not applicable.	Not applicable.
Rental Income from Investment Properties	Recognised over lease term on a straight-line basis.	As per lease agreement.	Not applicable.	Not applicable.

23. Finance income

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income:				
- Fixed deposit	1,485	1,773	-	-
- Advance to subsidiaries	-	-	233	250
- Advance to an associate	69	69	69	69
- Short-term funds	931	978	300	117
- Others	1,396	729	-	-
Interest income arising on financial assets/(liabilities) measured under MFRS 9	3,114	258	1,078	898
	6,995	3,807	1,680	1,334

Notes to the financial statements (Cont'd)

24. Finance costs

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expenses:				
- Bills payable	1,771	1,383	-	-
- Bank overdrafts	119	5	-	-
- Hire purchase	509	2,042	-	-
- Insurance premium finance	-	21	-	-
- Lease rental interest	153	182	-	-
- Revolving credit interest	992	861	-	-
- Term loan interest	313	1,908	-	-
- Other Interest	119	-	12	2
Interest expenses arising on financial assets/(liabilities) measured under MFRS 9	1,429	2,933	1,336	2,340
	5,405	9,335	1,348	2,342

25. Net loss on impairment of financial assets and contract assets

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Impairment losses during the financial year:				
- Trade receivable	15,355	15,161	-	-
- Other receivable	90	121	-	-
- Amount due from associate	-	812	5,265	-
- Contract assets	136	223	-	-
- Amount due from subsidiaries	-	-	1,351	5,935
- Amount due from related company	-	2,029	-	-
Reversal of impairment losses during the financial year:				
- Trade receivable	(7,893)	(121)	-	-
- Other receivable	(117)	(20)	-	-
- Amount due from associate	(2,777)	(2,268)	-	(1,552)
- Contract assets	(55)	(37)	-	-
- Amount due from related company	(1,939)	-	-	-
	2,800	15,900	6,616	4,383

Notes to the financial statements (Cont'd)

26. Operating profit

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Operating profit is arrived at after crediting:					
Capital gain on short-term funds		406	709	33	133
Gain on disposal of property, plant and equipment		1,488	123	-	-
Net realised foreign exchange gain		43	-	3	4
Net unrealised foreign exchange gain		-	7,823	-	1,344
Reversal of provision for warranties	20	5,387	5,249	-	-
Reversal of provision for foreseeable losses		2,900	3,200	-	-
and after charging:					
Allowance for slow moving inventories	13	2,344	1,717	-	-
Auditors' remuneration:					
Audit fees					
- holding company's auditors					
- current financial year		277	272	75	75
- (over)/under provision in prior year		(2)	12	(2)	7
- other auditors		735	663	-	-
Other services					
- holding company's auditors		20	20	20	20
Amortisation of intangible assets	4	-	6	-	-
Bad debts written off		9	3,568	-	-
Depreciation expenses:					
- investment property	6	-	-	190	443
- property, plant and equipment	3	32,608	33,547	39	42
- right-of-use assets	3	6,502	7,637	-	-
Net unrealised foreign exchange loss		9,269	-	1,944	-
Net realised foreign exchange loss		-	1,457	-	-
Net fair value adjustment on derivative instruments		1,642	(73)	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees Provident Fund		14,883	12,494	204	209
- Share-based payments	30	1,818	3,043	1,818	3,043
- Wages, salaries and others		131,417	118,057	1,957	1,914
Property, plant and equipment written off		5	-	-	-
Provision for foreseeable losses		1,796	1,232	-	-
Provision for warranties	20	6,871	5,618	-	-
Rental expenses on:					
- cranes		38,373	30,525	-	-
- premises		4,613	3,445	44	44
- equipment		635	373	-	-
Writedown of inventories	13	340	496	-	-

Notes to the financial statements (Cont'd)

27. Key management personnel compensation

The key management personnel compensations are as follows:-

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Directors				
Executive Directors				
Short-term employee benefits:				
- fees	277	277	192	192
- remuneration	1,862	1,750	1,853	1,742
	2,139	2,027	2,045	1,934
Non-executive Directors				
- fees	151	153	144	144
- other benefits	44	46	43	45
	195	199	187	189
	2,334	2,226	2,232	2,123
Other Key Management Personnel				
Short-term employee benefits	6,065	5,213	1,258	1,116
Defined contribution benefits	492	425	151	145
Share-based payment	69	-	54	-
	6,626	5,638	1,463	1,261

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 (Cont'd)

28. Income tax expense/(credit)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax expense				
Malaysia				
- current	17,782	18,789	85	77
- over provision in prior year	(397)	(1,526)	(60)	-
	17,385	17,263	25	77
Foreign				
- current	7,264	7,281	40	150
- over provision in prior year	(1,093)	(1,465)	(149)	(297)
	6,171	5,816	(109)	(147)
	23,556	23,079	(84)	(70)
Deferred tax expense (Note 10)				
Origination and reversal of temporary differences	(2,415)	1,357	(1,588)	(1,052)
Under/(Over) provision in prior years	2,951	(538)	-	-
	536	819	(1,588)	(1,052)
Income tax expense/(credit)	24,092	23,898	(1,672)	(1,122)
Reconciliation of tax expense				
Profit for the year	66,730	61,456	18,024	28,016
Total tax expense/(credit)	24,092	23,898	(1,672)	(1,122)
Profit excluding tax	90,822	85,354	16,352	26,894
Tax at Malaysian tax rate of 24% (2023 - 24%)	21,797	20,485	3,924	6,455
Effect of different tax rates in foreign jurisdictions	1,353	1,329	-	-
Non-deductible expense	3,210	8,675	1,395	1,378
Non-taxable gain	(4,581)	(3,481)	(331)	(292)
Tax exempt income	-	-	(6,451)	(8,366)
Utilisation of deferred tax assets not recognised in previous year	(91)	-	-	-
Deferred tax assets not recognised during the financial year	-	259	-	-
Under/(Over) provision in prior years	1,461	(3,529)	(209)	(297)
Others	943	160	-	-
Total income tax expense/(credit)	24,092	23,898	(1,672)	(1,122)

Domestic income tax is calculated at the Malaysia statutory tax rate 24% (2023 - 24%) of the estimated assessable profit for the financial year.

Notes to the financial statements (Cont'd)

29. Earnings per ordinary share (sen)

Basic earnings per share

The calculation of basic earnings per share for the financial year ended 31 December 2024 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2024 RM'000	2023 RM'000
Profit for the financial year attributable to owners of the Company	53,869	50,554

Weighted average number of ordinary shares

	Group	
	2024 '000	2023 '000
Number of ordinary shares in issue at 1 January	234,955	234,913
Effect of shares repurchased	(1,345)	(1,345)
Effect of ordinary shares issued under SIS	869	9
Total weighted average number of ordinary shares in issue (unit)	234,479	233,577
Basic earnings per share (sen)	22.97	21.64

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 2024 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	
	2024 RM'000	2023 RM'000
Profit attributable to owners of the Company	53,869	50,554

	Group	
	2024 '000	2023 '000
Weighted average number of ordinary shares	234,479	233,577
Effect of share options in issue	2,594	3,487
Adjusted weighted average number of ordinary shares (diluted) at 31 December	237,073	237,064

Notes to the financial statements (Cont'd)

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	
	2024	**2023**
Diluted earnings per shares (sen)	22.72	21.33

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 (Cont'd)

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 1.1.2024 '000	Granted '000	Exercised '000	Forfeited '000	At 31.12.2024 '000	Expiry date
21.9.2022	RM1.45	19,288	-	(1,618)	(265)	17,405	26.7.2027

SIS

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

Details relating to options exercised during the year

	Group and Company	
	2024 RM'000	2023 RM'000
Fair value of shares issued (based on average exercise price)	1.97	1.81

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	
	2024 RM'000	2023 RM'000
Expenses recognised as share-based payments	1,818	3,043

Notes to the financial statements (Cont'd)

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	
	2024	2023
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 (Cont'd)

31. Dividends

The dividends recognised by the Company is:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2024			
First and final 2023 ordinary	9.00	21,168	22 August 2024
		21,168	
2023			
First 2022 ordinary	4.00	9,343	6 September 2023
		9,343	

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 2025.

	Sen Per Share (tax exempt)	Total amount RM'000
Final ordinary	9.00	21,170

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 2024 of RM21,170,499 (2023 – RM21,167,619) on the issued and paid-up share capital (excluding treasury shares) of 235,227,763 (2023 - 235,195,763) 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 (Cont'd)

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Geographical segments								
Revenue from external customers	623,889	577,800	376,267	293,979	(99,032)	(106,618)	901,124	765,161
Inter-segment revenue	1,089	1,038	-	-	(1,089)	(1,038)	-	-
Total revenue	624,978	578,838	376,267	293,979	(100,121)	(107,656)	901,124	765,161
Operating profit	88,357	112,517	30,793	32,810	(31,907)	(55,267)	87,243	90,060
Finance income	20,249	19,712	2,278	1,339	(15,532)	(17,244)	6,995	3,807
Finance costs	(22,951)	(26,791)	(952)	(3,794)	18,498	21,250	(5,405)	(9,335)
Share of loss of associates	-	-	1,989	822	-	-	1,989	822
Profit before tax	85,655	105,438	34,108	31,177	(28,941)	(51,261)	90,822	85,354
Segment assets	1,060,054	1,055,865	523,780	564,256	(147,909)	(172,771)	1,435,925	1,447,350
Investments in associates	22	22	6,359	6,359	(535)	(2,524)	5,846	3,857
Total assets	1,060,076	1,055,887	530,139	570,615	(148,444)	(175,295)	1,441,771	1,451,207
Segment liabilities	401,913	421,487	343,580	383,559	(114,414)	(141,488)	631,079	663,558
Capital expenditure								
- Property, plant and equipment	30,076	12,320	6,526	6,145	(1,150)	(961)	35,452	17,504
Depreciation	16,954	15,564	15,654	17,983	-	-	32,608	33,547

Notes to the financial statements (Cont'd)

32. Operating segments (continued)

Business segments

	Cranes		Intelligent Automation Group		Eliminations		Consolidated	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Geographical segments								
Inside Malaysia	368,217	355,952	256,761	222,886	(84,083)	(86,389)	540,895	492,449
Outside Malaysia	373,541	291,981	2,726	1,998	(16,038)	(21,267)	360,229	272,712
Total revenue	741,758	647,933	259,487	224,884	(100,121)	(107,656)	901,124	765,161
Operating profit	64,470	96,354	54,680	48,973	(31,907)	(55,267)	87,243	90,060
Finance income	21,757	20,318	770	733	(15,532)	(17,244)	6,995	3,807
Finance costs	(23,706)	(30,150)	(197)	(435)	18,498	21,250	(5,405)	(9,335)
Share of loss of associates	1,989	822	-	-	-	-	1,989	822
Profit before tax	64,510	87,344	55,253	49,271	(28,941)	(51,261)	90,822	85,354
Segment assets	1,352,578	1,415,505	231,256	204,616	(147,909)	(172,771)	1,435,925	1,447,350
Investments in associates	6,381	6,381	-	-	(535)	(2,524)	5,846	3,857
Total assets	1,358,959	1,421,886	231,256	204,616	(148,444)	(175,295)	1,441,771	1,451,207
Segment liabilities	624,306	693,414	121,187	111,632	(114,414)	(141,488)	631,079	663,558
Capital expenditure								
- Property, plant and equipment	32,085	16,279	4,517	2,186	(1,150)	(961)	35,452	17,504
Depreciation	31,226	32,605	1,382	942	-	-	32,608	33,547

33. Financial instruments

33.1 Categories of financial instruments

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial Assets				
<u>Amortised cost</u>				
Receivables and deposits	267,197	226,180	40,550	42,570
Deposits placed with licensed banks	70,123	41,842	-	-
Cash and bank balances	63,074	101,046	2,470	2,801
	400,394	369,068	43,020	45,371
<u>Fair Value through Profit or Loss</u>				
Derivative assets	-	499	-	-
Short-term funds	27,976	21,973	892	586
Long-term funds	2,952	8,153	-	-
	30,928	30,625	892	586

Notes to the financial statements (Cont'd)

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial Liabilities				
Other Financial Liabilities				
Loan and borrowings	88,962	68,018	-	-
Payables and accruals	265,374	298,388	135	1,813
Provision for warranties	32,493	34,583	-	-
Derivative liabilities	1,143	-	-	-
	387,972	400,989	135	1,813

33.2 Gains or losses arising from financial instruments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial Assets				
Amortised cost				
Impairment loss on trade receivables	7,462	15,040	-	-
(Reversal of impairment)/ Impairment loss on other receivables	(27)	101	-	-
(Reversal of impairment)/ Impairment loss on amount due from associate	(2,777)	(1,456)	5,265	(1,552)
Impairment loss on contract assets	81	186	-	-
(Reversal of impairment)/ Impairment loss on amount due from related companies	(1,939)	2,029	-	-
Impairment loss on amount due from subsidiaries	-	-	1,351	5,935
Interest income from deposits placed with licensed banks	(1,485)	(1,773)	-	-
Interest income from advance to subsidiaries	-	-	(233)	(250)
Interest income from advance to an associate	(69)	(69)	(69)	(69)
Interest income from short-term funds and others	(2,327)	(1,707)	(300)	(117)
Interest income arising on financial assets/(liabilities) measured under MFRS 9	(3,114)	(258)	(1,078)	(898)
	(4,195)	12,093	4,936	3,049
Financial Liabilities				
Amortised cost				
Interest expense on borrowings	3,976	6,402	12	2
Interest expense arising on financial assets/(liabilities) measured under MFRS 9	1,429	2,933	1,336	2,340
	5,405	9,335	1,348	2,342

Notes to the financial statements (Cont'd)

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	
	2024 RM'000	2023 RM'000
Asia	140,233	90,066
Africa	-	12
America	1,975	2,974
Australia	2,365	15,400
Europe	37,320	26,187
Middle East	30,323	9,344
	212,216	143,983

(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.

Notes to the financial statements (Cont'd)

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
2024			
Not past due	118,167	(594)	117,573
Past due 0 - 90 days	70,998	(1,070)	69,928
Past due 91 - 180 days	20,664	(1,283)	19,381
Past due more than 180 days	62,941	(57,607)	5,334
	272,770	(60,554)	212,216
Credit impaired:			
- more than 30 days past due	242,867	(30,651)	212,216
- individually impaired	29,903	(29,903)	-
	272,770	(60,554)	212,216
Contract assets	158,445	(1,345)	157,100

Notes to the financial statements (Cont'd)

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
2023			
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

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
2024			
Low credit risk	6,148	-	6,148
Significant increase in credit risk	1,364	(252)	1,112
	7,512	(252)	7,260
2023			
Low credit risk	17,562	-	17,562
Significant increase in credit risk	985	(279)	706
	18,547	(279)	18,268

Notes to the financial statements (Cont'd)

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:

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
Amount due from subsidiaries			
Company			
2024			
Significant increase in credit risk	51,580	(12,541)	39,039
2023			
Significant increase in credit risk	46,804	(11,190)	35,614

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
Amount due from associates			
Group			
2024			
Significant increase in credit risk	64,003	(19,177)	44,826
2023			
Significant increase in credit risk	76,358	(17,325)	59,033

Notes to the financial statements (Cont'd)

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)

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
Amount due from associates			
Company			
2024			
Significant increase in credit risk	6,705	(5,265)	1,440
2023			
Significant increase in credit risk	6,885	-	6,885

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 (2023 - 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.

Notes to the financial statements (Cont'd)

33. Financial instruments (continued)

33.3 Financial risk management policies (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not 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
2024				
Secured borrowings				
- Bank overdraft	2.50	5,008	-	-
- Bills payable	3.78 - 5.35	51,588	-	-
- Hire purchase and lease liabilities	2.45 - 6.21	7,814	15,424	-
- Term loan	4.36 - 5.90	1,505	2,665	3,196
Unsecured				
- Revolving credits	4.72	25,000	-	-
- Payables and accruals	-	265,374	-	-
		356,289	18,089	3,196
2023				
Secured borrowings				
- 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
Unsecured				
- Revolving credits	4.54	20,000	-	-
- Payables and accruals	-	298,388	-	-
		368,183	22,771	3,963

Notes to the financial statements (Cont'd)

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
2024			
Unsecured			
Payables and accruals	135	-	-
Financial guarantee	85,271	-	-
	85,406	-	-
2023			
Unsecured			
Payables and accruals	113	-	-
Financial guarantee	63,492	-	-
	63,605	-	-

(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	2024 Effective interest rate %	2024 Total RM'000	2023 Effective interest rate %	2023 Total RM'000
Financial assets				
Fixed rate instruments				
Deposits placed with licensed banks	2.15 - 5.44	70,123	1.60 - 3.15	41,842
Short-term funds	0.09 - 6.65	27,976	0.09 - 5.20	21,973
Long-term funds	2.45 - 4.06	2,952	1.20 - 5.60	8,153
		101,051		71,968

Notes to the financial statements (Cont'd)

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	2024 Effective interest rate %	2024 Total RM'000	2023 Effective interest rate %	2023 Total RM'000
Financial liabilities				
Fixed rate instruments				
Secured bank overdraft	2.50	5,008	-	-
Hire purchase payables	2.45 - 6.21	18,088	5.25 - 6.21	23,895
Secured term loan	5.90	907	4.85 - 5.90	4,152
Floating rate instrument				
Bills payable	3.78 - 5.35	51,588	3.87 - 4.85	31,679
Revolving credits	4.72	25,000	4.54	20,000
Secured term loan	4.36 - 4.59	6,459	4.36 - 7.11	12,187
		107,050		91,913

Company	2024 Effective interest rate %	2024 Total RM'000	2023 Effective interest rate %	2023 Total RM'000
Financial assets				
Fixed rate instruments				
Short-term funds	0.88 - 5.05	892	1.30 - 5.20	586

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 (2023 - RM625,000). A 100 bp decrease would have had an equal but opposite effect on the profit after taxation.

Notes to the financial statements (Cont'd)

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"), EURO and Australian Dollar ("AUD").

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:

Group	USD RM'000	EURO RM'000	AUD RM'000
2024			
Financial assets	109,312	44,216	56,659
Financial liabilities	(15,519)	(17,010)	(36,224)
Net financial assets	93,793	(27,206)	20,435
Less: Net financial liabilities denominated in the respective entities functional currencies	(5,216)	-	(20,246)
Less: Forward foreign currency contracts (contracted notional principal)	(63,966)	-	(1,575)
Net currency exposure	24,611	(27,206)	(1,386)
2023			
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)	-
Net currency exposure	5,523	(864)	(430)

Notes to the financial statements (Cont'd)

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	EURO RM'000	AUD RM'000
2024			
- strengthened by 5%	935	(1,034)	(53)
- weakened by 5%	(935)	1,034	53
2023			
- strengthened by 5%	210	(33)	(16)
- weakened by 5%	(210)	33	16

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	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
Group								
2024								
Financial assets								
Short-term funds	27,976	-	-	-	-	-	27,976	27,976
Forward currency contract	-	-	-	-	-	-	-	-
	27,976	-	-	-	-	-	27,976	27,976
2023								
Financial assets								
Short-term funds	21,973	-	-	-	-	-	21,973	21,973
Forward currency contract	-	499	-	-	-	-	499	499
	21,973	499	-	-	-	-	22,472	22,472

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Significant transactions with holding company:-				
Purchase of property, plant and equipment	10	8	-	-
Rental expense payable	2,502	2,285	-	-
Sale of goods and services	(3,439)	(28)	-	-
Subcontract cost payable	9	44	-	-
Share services expenses	2,000	1,800	-	-

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Significant transactions with subsidiaries:-				
Dividend income receivable	-	-	(26,705)	(34,834)
Rental income receivable	-	-	(1,817)	(1,108)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Significant transactions with related companies:-				
Rental income receivable	(587)	(253)	-	-
Rental expense payable	419	301	44	44
Sale of goods and services	(9,053)	(7,813)	-	-
Subcontract cost payable	3,617	9,085	-	-

Notes to the financial statements (Cont'd)

34. Related parties (continued)

(i) Identities of related parties (continued)

The significant related party transaction of the Group and of the Company, other than key management personnel compensation are as follows: (continued)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Significant transactions with associates:-				
Interest income receivable	(69)	(69)	(69)	(69)
Sale of goods and services	(31,584)	(28,118)	-	-
Purchase of goods and services	411	602	-	-

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 commitments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unconditional Construction of investment properties	11,940	-	11,940	-

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 58 to 129 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 2024 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: 15 April 2025

Statutory Declaration pursuant to Section 251(1)(b) of the Companies Act 2016

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 58 to 129 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 15 April 2025.

……………………..
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 2024 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 58 to 129.

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 2024, 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 judgement, 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.

Revenue recognition and contract accounting
Refer to Note 22 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
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.	Our audit procedures included, amongst others: • 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; • Testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements;

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.

Revenue recognition and contract accounting (cont'd)
Refer to Note 22 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
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. 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. 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. The potential outcome for contracts can have an individually and collectively material impact on the financial statements, whether through error or management bias. 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.	Our audit procedures included, amongst others: (continued) • 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; • Assessing the reasonableness of percentage of completion by comparing to certification by external parties; • Assessing the estimated profit and costs to completion, adjustments for job costing and potential contract losses; and • Assessing whether the amounts recognised in the financial statements were in line with the Group's accounting policy and relevant accounting standards.

Independent Auditors' Report to the Members of Favelle Favco Berhad (Cont'd)

Key Audit Matters (Continued)

Recoverability of trade receivables Refer to Note 9 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Trade receivables are a major component of the financial position of the Group. 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. 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.	Our audit procedures included, amongst others: • Evaluating the methodologies of expected credit loss model developed by the Group; • Testing the accuracy and completeness of the underlying data used in the model and the arithmetical accuracy of the calculation of expected credit loss; • 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; • Reviewing recoverability of major receivables including but not limited to the review of subsequent collections; and • Reviewing collections and sales trends during financial year of major receivables.

Inventories – Inventories under Work-In-Progress Refer to Note 13 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Inventories are a major component of the financial position of the Group. 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. Possible changes in judgements and related estimates of the net realisable value may result in material adjustments to the inventories' carrying amounts.	Our audit procedures included, amongst others: • Reviewing whether inventories are carried at the lower of costs and net realisable value; and • Assessing the adequacy of write-down of inventories.

Independent Auditors' Report to the Members of Favelle Favco Berhad (Cont'd)

Key Audit Matters (Continued)

Goodwill impairment Refer to Note 5 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
As at 31 December 2024, the Group has goodwill of RM75.283 million for the acquisition of the Intelligent Automation Group. This is an area of focus given the materiality of the Group's goodwill balances and the inherent subjectivity in impairment testing. 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.	Our audit procedures included, amongst others: • 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; • 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; • Performing sensitivity analysis to assess the impact on the recoverable amount of the cash generating units; and • Reviewing the adequacy of disclosure of goodwill in the financial statements.

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 judgement 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report to the Members of Favelle Favco Berhad (Cont'd)

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

Ung Voon Huay
03233/09/2026 J
Chartered Accountant

Kuala Lumpur
15 April 2025

Group Properties as at 31 December 2024

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	26 years	1,851
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.	19 years	41,725
3.	7AL, Nordkranvej, 2 3540, Lynge DK Denmark.	Factory building with office block	2022#	Freehold	59,525 sq.m.	54 years	16,572
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.	10 years	2,574
5.	28, Yarrunga Street, Preston, NSW 2170, Australia.	Office building and factory	2022#	Freehold	11.6 acres	54 years	187,090
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.	8 years 8 years 8 years	4,947 5,879 5,602
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.	26 years	417
					Total properties		266,657

Note:
Year of Valuation

Analysis of Shareholdings as at 2 April 2025

Share Capital

Total number of issued shares	:	236,579,763
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

Distribution of shareholdings of ordinary shares

Size of Holdings	No of holders*1	% of holders*1	No. of shares held*1	% of issued capital*1
Less than 100	234	4.961	1,874	0.001
100 to 1,000	1,339	28.387	905,786	0.385
1,001 to 10,000	2,346	49.735	10,190,744	4.332
10,001 to 100,000	707	14.988	20,417,350	8.679
100,001 to 11,761,737*2	89	1.887	64,453,666	27.400
11,761,738*3 and above	2	0.042	139,265,343	59.203
TOTAL	**4,717**	**100.000**	**235,234,763**	**100.000**

Notes:

* 1. Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 2 April 2025.
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(6)	Indirect/ Deemed interest (no. of shares)	% of issued capital(6)
1. Mac Chung Hui	4,104,000(1)	1.745	-	-
2. Mac Ngan Boon @ Mac Yin Boon	10,842,913(2)	4.609	152,347,843(3)	64.764
3. Lee Poh Kwee	2,915,000(4)	1.239	-	-
4. Mazlan bin Abdul Hamid	2,662,600(5)	1.132	-	-

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 Company 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 Company 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 2 April 2025.

Analysis of Shareholdings as at 2 April 2025 (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 2024 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 2024 enclosed in this Annual Report.

Substantial Shareholdings as per the Register of Substantial Shareholders

Name	Direct interests (no. of shares)	% of issued capital[3]	Deemed interest (no. of shares)	% of issued capital[3]
1. Muhibbah Engineering (M) Bhd	150,609,043	64.025	-	-
2. Mac Ngan Boon @ Mac Yin Boon	10,842,913[1]	4.609	150,609,043 [2]	64.025

Notes:

1. Shares held through RHB Capital Nominees (Tempatan) Sdn Bhd, HLB Nominees (Tempatan) Sdn Bhd and Affin Hwang Nominees (Tempatan) Sdn Bhd.
2. Deemed interest pursuant to Section 8 of the Company Act 2016 by virtue of his substantial interests in Muhibbah Engineering (M) Bhd.
3. Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 2 April 2025.

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	41.661
2	Muhibbah Engineering (M) Bhd	41,265,343	17.542
3	Muhibbah Engineering (M) Bhd	11,343,700	4.822
4	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mac Ngan Boon @ Mac Yin Boon	5,264,000	2.238
5	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mac Ngan Boon @ Mac Yin Boon	4,100,000	1.743
6	Mac Chung Hui	4,004,000	1.702
7	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Poh Kwee	2,635,000	1.120
8	Teo Chang Hock	2,624,700	1.116
9	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mazlan Bin Abdul Hamid	2,596,600	1.104
10	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	2,431,225	1.034
11	Neoh Choo Ee & Company, Sdn. Berhad	1,540,000	0.655
12	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mac Ngan Boon @ Mac Yin Boon	1,360,913	0.579

Analysis of Shareholdings as at 2 April 2025 (Cont'd)

List of thirty (30) largest shareholders (cont'd)

No.	Name of Shareholders	No. of Shares held	% of issued capital*
13	Maybank Securities Nominees (Tempatan) Sdn Bhd Ooi Sen Eng	1,356,000	0.576
14	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	1,145,475	0.487
15	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Noriyati Binti Hassan	1,065,900	0.453
16	Noriyati Binti Hassan	963,000	0.409
17	OREC Engineering Holdings Pty Ltd	900,000	0.383
18	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An for DBS Bank Ltd (SFS)	804,700	0.342
19	Harmony Effective Sdn Bhd	800,000	0.340
20	Liew Yoon Yee	770,000	0.327
21	Teoh Yong Churn	718,600	0.305
22	Maybank Securities Nominees (Tempatan) Sdn Bhd Chew Keng Siew	700,000	0.298
23	Harmony Effective Sdn Bhd	653,600	0.278
24	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Mac Chung Jin	600,000	0.255
25	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Little Rain Assets Limited	580,000	0.247
26	LTK (Melaka) Sdn Bhd	573,800	0.244
27	Neoh Choo Ee & Company, Sdn. Berhad	533,500	0.227
28	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hung Yew Loong (E-JBU)	500,000	0.213
29	Dynaquest Sdn. Bhd.	485,000	0.206
30	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Neoh Choo Ee & Company Sdn.Berhad (SL)	470,000	0.200
		190,785,056	81.106

Note:
* Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 2 April 2025.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting ("**AGM**") of Favelle Favco Berhad ("**FFB**" or the "**Company**") will be held at Concorde Hotel Shah Alam, Concorde I, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia on **Thursday, 26 June 2025 at 11.00 a.m.** 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 2024 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 2024. — **Ordinary Resolution 1**

3. To re-elect Encik Mazlan bin Abdul Hamid who retires by rotation pursuant to Article 85 of the Constitution of the Company. — **Ordinary Resolution 2** (Explanatory Note 2)

4. To approve the payment of Directors' fees and benefits payable up to an amount of RM1,000,000.00, from 27 June 2025 until the next AGM of the Company. — **Ordinary Resolution 3** (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 4**

As Special Business

To consider and, if thought fit, with or without modification to pass, the following resolutions:-

6. **Proposed Renewal of Authority for Share Buy-Back** — **Ordinary Resolution 5** (Explanatory Note 4)

   "**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

Notice of Annual General Meeting (Cont'd)

(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."

7. Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 6
(Explanatory Note 5)

"**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 29 April 2025 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

Notice of Annual General Meeting (Cont'd)

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."

8. 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) (MIA 16775)
TIA HWEI PING (SSM PC No. 202008001687) (MAICSA 7057636)
Company Secretaries

Selangor Darul Ehsan
29 April 2025

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 17 June 2025 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. *A member entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote 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.*

2. *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.*

3. *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.*

4. *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 original Proxy Form may be deposited at the Company's Share Registrar's office, 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 the drop-in box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Proxy forms received via facsimile and/or e-mail will not be accepted.

   ii. *By electronic means*
   The Proxy Form can be electronically lodged with the Company's Share Registrar via the TIIH Online website at https://tiih.online. Please refer to the Administrative Notes for the AGM on the appointment and registration of proxy for the AGM.

5. *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 the drop-in box provided at 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.*

6. *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 the drop-in box provided at 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.*

Notice of Annual General Meeting (Cont'd)

7. *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.*

8. *Encik Sobri bin Abu retires in accordance with Article 85 of the Constitution of the Company at the Thirty-Third Annual General Meeting of the Company. He has expressed that he does not wish to seek for re-election at the Thirty-Third Annual General Meeting and therefore shall retire at the conclusion of the Thirty-Third Annual General Meeting.*

Explanatory Notes to the Agenda

1. **Agenda Item 1 - Audited Financial Statements for the Financial Year Ended 31 December 2024**

   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 Resolution 2: Re-election of Encik Mazlan bin Abdul Hamid**

   The profile of Encik Mazlan bin Abdul Hamid who is standing for re-election under item 3 of this Agenda are set out in the Board of Directors' profile of the Annual Report 2024.

   Based on the recommendation of the Nominating Committee, the Board of Directors ("**the Board**") is satisfied with the performance and contributions of Encik Mazlan bin Abdul Hamid and supports the re-election based on the following justifications:

   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. Encik Mazlan bin Abdul Hamid, who was appointed as a Director of the Company on 17 May 2004, retires by rotation pursuant to Article 85 of the Company's Constitution and being eligible, has offered himself for re-election at the Thirty-Third AGM.

   Shareholders' approval is sought for the re-election of Encik Mazlan bin Abdul Hamid, Ordinary Resolution 2. The profile of Encik Mazlan bin Abdul Hamid listed in the Profile of Directors section.

3. **Ordinary Resolution 3: 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-Third AGM on the Directors' fees and benefits under Ordinary Resolution 3. The Director' benefits comprise meeting allowances, travelling allowances and other benefits such as directors' and officers' liability insurance.

4. **Ordinary Resolution 5: Proposed Renewal of Authority for Share Buy-Back**

   For Ordinary Resolution 5, the detailed information on the Proposed Renewal of Authority for Share Buy-Back is set out in the Circular to Shareholders dated 29 April 2025.

5. **Ordinary Resolution 6: Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   For Ordinary Resolution 6, the detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 29 April 2025.

Notice of Annual General Meeting (Cont'd)

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

Number of Shares Held	CDS Account Number

PROXY FORM

*I/*We ____
(Full name as per NRIC/Certificate of Incorporation in Capital Letters)

NRIC No. /Passport No. /Registration 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 for *me/*us on *my/*our behalf at the Thirty-Third Annual General Meeting of the Company which will be held at Concorde Hotel Shah Alam, Concorde I, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 26 June 2025 at 11.00 a.m. and at any adjournment thereof.

The Proportion 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:-

Ordinary 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 Encik Mazlan bin Abdul Hamid as Director of the Company.		
3.	To approve the payment of Directors' fees and benefits payable up to an amount of RM1,000,000.00 from 27 June 2025 until the next Annual General Meeting of the Company.		
4.	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.		
	Special Business:		
5.	To approve the Proposed Renewal of Authority for Share Buy-Back.		
6.	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 2025
[*Delete if not applicable]

....
[Signature/Common Seal of Shareholder(s)]

Notes:
1. A member entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote 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.
2. 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.
3. 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.
4. 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 original 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 the drop-in box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Proxy forms received via facsimile and/or e-mail will not be accepted.
   ii. By electronic means
   The Proxy Form can be electronically lodged with the Company's Share Registrar via the TIIH Online website at https://tiih.online. Please refer to the Administrative Notes for the AGM on the appointment and registration of proxy for the AGM.
5. 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 the drop-in box provided at 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.
6. 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 the drop-in box provided at 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.
7. 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.

Affix
Stamp
Here

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