



Annual Report **2025**

Corporate Information

BOARD OF DIRECTORS

Dato' Sri Khazali bin Haji Ahmad
(Chairman, Senior Independent Non-Executive Director)

Mac Chung Hui
(Managing Director/Chief Executive Officer)

Mac Ngan Boon @ Mac Yin Boon
(Executive Director)

Lee Poh Kwee
(Group Finance Director)

Mazlan bin Abdul Hamid
(Executive Director)

Anuar bin Abd Rahman
(Independent Non-Executive Director)

Dato' Sharimahton binti Mat Saleh
(Independent Non-Executive Director)

AUDIT COMMITTEE

Anuar bin Abd Rahman - Chairman
Independent Non-Executive Director

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

Dato' Sharimahton binti Mat Saleh - 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

Tower Crane, Jeddah Tower (World Tallest Building), Kingdom of Saudi Arabia

Contents

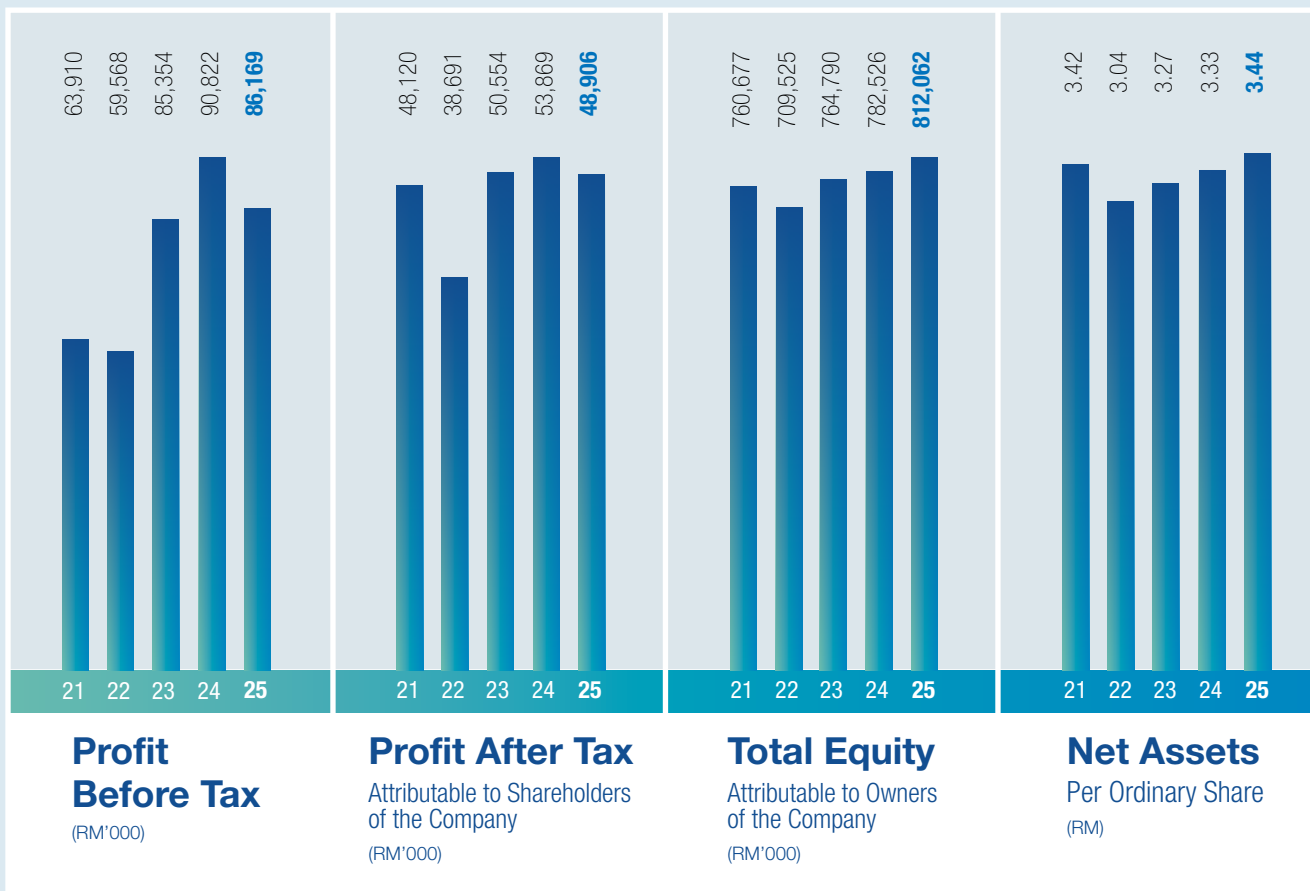
Group Financial Highlights	02
Group Structure	03
Management Discussion and Analysis	04
Profile of Directors	09
Profile of Key Senior Management	12
Sustainability Statement	15
Other Information	35
Corporate Governance Overview Statement	39
Audit Committee Report	50
Statement on Risk Management & Internal Control	53
Directors' Responsibility Statement	56
Financial Statements	57
Group Properties	144
Analysis of Shareholdings	145
Notice of Annual General Meeting	148
Proxy Form	153



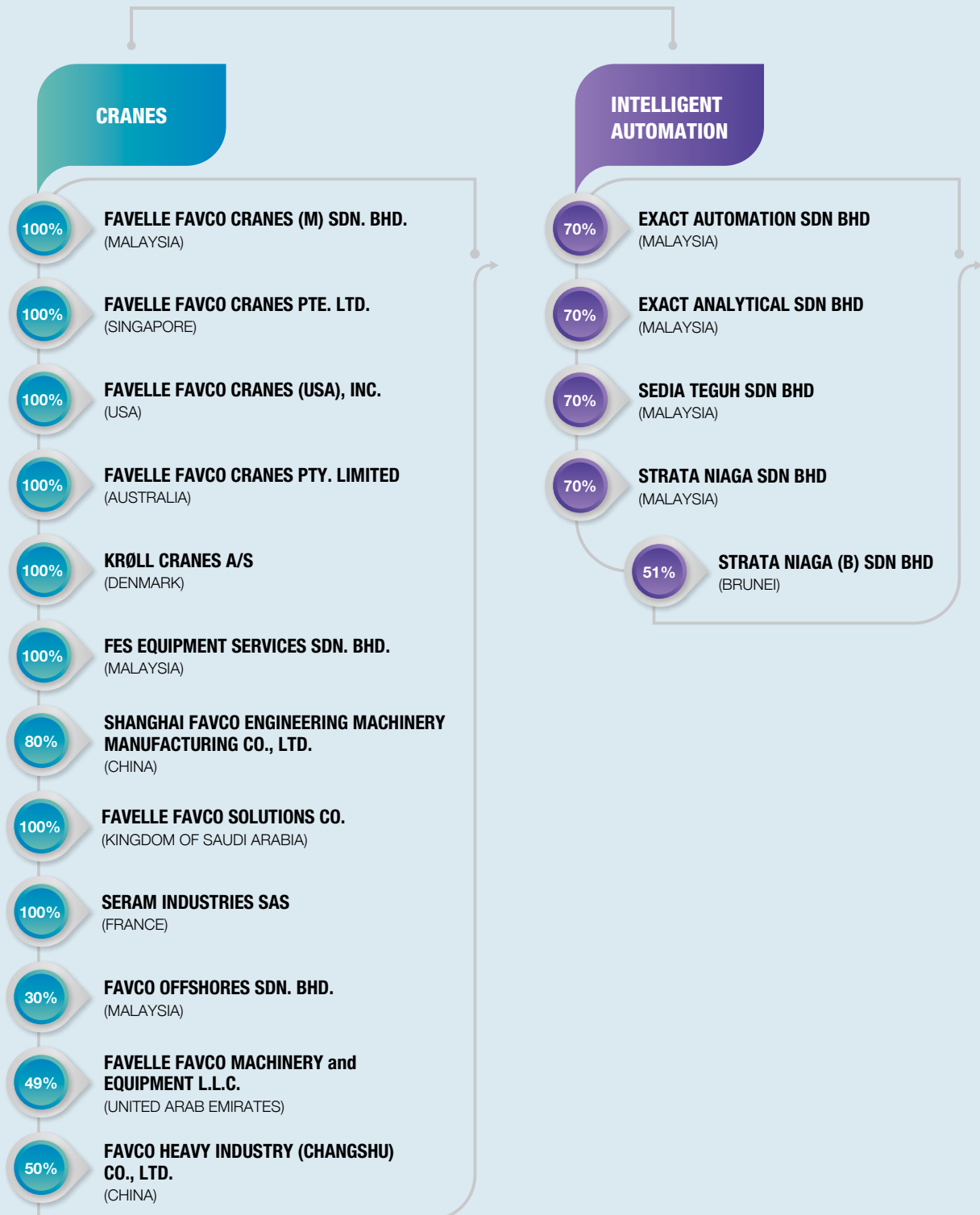
Tower Crane, Ferring Pharmaceuticals A/S, Denmark

Group Financial Highlights

	2021	2022	2023	2024	2025
Turnover (RM'000)	610,215	594,773	765,161	901,124	787,147
Profit Before Tax (RM'000)	63,910	59,568	85,354	90,822	86,169
Profit After Tax Attributable to Shareholders of the Company (RM'000)	48,120	38,691	50,554	53,869	48,906
Total Equity Attributable to Owners of the Company (RM'000)	760,677	709,525	764,790	782,526	812,062
Share Capital (RM'000)	162,983	194,988	195,072	198,323	199,508
Basic Earnings Per Ordinary Share (Sen)	21.52	16.76	21.64	22.97	20.77
Net Assets Per Ordinary Share (RM)	3.42	3.04	3.27	3.33	3.44



Group Structure as at 31 March 2026



* Dormant companies are excluded from the above Group Structure

Management Discussion and Analysis



Tower Crane, Samsung Heavy Industries, South Korea

I am pleased to present the Annual Report and the audited financial statements of Favelle Favco Berhad (“FFB” or the “Company”) and its subsidiary companies (“Group”) for the financial year ended 31 December 2025. For the year, I am pleased to report that we posted RM 787 million in revenue.

The year 2025 was an uneven environment for the Group. Certain regions of the equipment market saw some recovery whilst other regions remained sluggish, with persistent pricing pressure, particularly from lower-cost manufacturers.

For example, the U.S. market recovered well towards the end of the year whilst the Malaysian oil and gas sector was slow throughout the year.

Despite these headwinds, the Group maintained operational discipline and strategic focus, taking opportunities where possible.

Review and Discussion of Financial Results

We reported a full year’s revenue of RM 787 million for 2025 compared to RM901 million for 2024 representing a 13% decrease in revenue. The Intelligent Automation (“IA”) Group posted a revenue of RM243 million whilst the crane division posted a revenue of RM544 million.

The combined results provided a Profit After Tax attributable to owners of the Company of RM49 million in 2025 as compared to RM54 million in 2024 representing a 9% decrease.

The revenue was primarily affected by a sluggish market for large cranes and a slow Malaysian oil and gas sector. The Profit After Tax was impacted by the reduced volume of work.

In line with the results, we have declared a dividend of 9 sen per share representing approximately 43% of our Earnings Per Share.

Capex Requirements and Treasury Commentary

During the year 2025, we did not have any material investments other than some rental cranes built selectively for specific projects.

We closed the year ended on 31st December 2025 with RM216 million in cash and cash equivalents.

This strong balance sheet allowed for the Group to undertake the acquisition of Seram Industries SAS in France and the development of two (2) new logistic warehouses in Sydney in 2026. The Company has maintained cash reserves to allow us to pursue opportunities when they arise.

Crane Division

The Crane Division (“Favelle Favco”) had a few notable milestones throughout the year. The successful deliveries of the Kroll K10000 in Korea and K6500 in Poland underscore our continued leadership in high-capacity lifting solutions.



Offshore Crane, Qatar Energy LNG, Indonesia

Management Discussion and Analysis (Cont'd)

In addition, the delivery of our cranes to the Jeddah Tower project, the world's next tallest building, reinforces Favelle Favco's reputation as a trusted partner in iconic, technically challenging and large-scale developments.

These projects demonstrate our capability to execute complex engineering requirements at the highest level.

Nevertheless, recognising the need to evolve in an increasingly competitive landscape, the Group has intensified its focus on technology and innovation. Efforts have been directed towards integrating robotic welding within our manufacturing processes, while also exploring the potential applications of artificial intelligence across operations.

These initiatives are aimed at improving efficiency, enhancing product quality, reducing costs, and strengthening our long-term competitiveness.

*Tower Crane Recovery Process,
Lindores Construction Logistics,
Australia*



*Tower Crane, Lostock
Sustainable Energy Plant,
United Kingdom*



*Tower Crane, Aarsleff Biz,
Poland*

Management Discussion and Analysis (Cont'd)

Seram Industries SAS

During the year 2025, the team worked on the acquisition of Seram Industries SAS (“Seram Industries”), a company based in France. Seram Industries is involved in the manufacture of Material Handling Equilibrium Cranes and Conveyors.

We are pleased to welcome the Seram Industries team into the Favelle Favco Group.

This acquisition expands our capabilities into new product segments and opens access to new end markets like the Scrap Recycling industry and the Bulk Handling industry. Furthermore, it opens new geographic markets, particularly in France and the broader European region.

Beyond market expansion, we see meaningful opportunities to create synergies in manufacturing, supply chain optimisation, and market network integration.

The addition of Seram Industries strengthens Favelle Favco’s position as a more diversified and globally integrated lifting solutions provider.



Equilibrium Crane installed at ROMI Recycle, France



Two units Single Storey Warehouses in Sydney, Australia

Australia Warehouse Development

During the year, steady progress has been made on the development of our two (2) new logistic warehouses with a combined gross lettable area of 14,000 square metres in Sydney. Construction is advancing well, and this facility is expected to be ready by the second quarter of 2026.

This development is strategically important to our business, as it will create opportunities to generate recurring rental income from an industry other than construction and oil and gas.

As completion approaches, we are already fielding enquiries and are optimistic that the facility will continue to attract strong interest from potential tenants.



Equilibrium Crane installed at Artois Métaux, France

Management Discussion and Analysis (Cont'd)



*Air Compressor & Air Dryer Package
of VLAP at F6 Offshore Platform*

Intelligent Automation Group

In 2025, the Intelligent Automation Group continued to demonstrate resilience and strategic execution amid a challenging and evolving market landscape, reinforcing its position as a trusted partner in automation, control systems, and digital solutions for the Oil & Gas and industrial sectors.

Despite these challenges, the Group achieved notable success in securing high-impact and technically demanding projects including a Rejuvenation Flare project, as well as two Compressor Performance Control and Anti-Surge System upgrade projects, representing a key breakthrough in advanced turbomachinery control solutions.

The Company further strengthened its position in integrated automation systems through the award of several Integrated Control and Safety System (ICSS) packages, underscoring the Company's growing capability in delivering complex, mission-critical control systems.

We expanded our recurring revenue base by securing multiple long-term service and maintenance contracts, ranging from 2 to 5 years, which cover PLC Safety and Fire & Gas systems, Turbomachinery Control & Air Compressor Equipment, enhancing revenue stability and customer relationships.

On digitalisation, the Group advanced the SEALPro Logic AI project, focusing on predictive analytics and reliability.



*Containerized Solar Power System for
Telok A & Telok B Offshore Platform*

It also invested in edge computing and intelligent control, building capabilities in predictive maintenance and process optimisation

Other notable projects include the supply of a Total Volatile Organic Compound (TVOC) monitoring system. This TVOC monitoring system is to monitor the surrounding work areas for health and safety of the plant personnel.

Strata Niaga continued to support their customers through maintenance works and training programs. Additionally, we won the Sustained Growth Award from our principal Celeros for sustained growth over the years.

Management Discussion and Analysis (Cont'd)

Current Challenges and Risks

The external environment continues to present a range of risks that we monitor closely. While U.S. tariffs had previously been a concern, their impact has not been materially detrimental to the Group thus far.

However, current developments related to the Iran conflict are likely to have an impact on our business. We expect to see increased costs from shipping and suppliers. We also anticipate general inflation to rise quicker due to increased global oil prices.

Furthermore, the last time we saw a rising price environment similar to this was in 2022 with the Ukraine War. In that instance, some customers did start to defer investment projects, and this remains a possibility this time with the Iran conflict as well.

Nevertheless, we have survived through troubled times in the past and this same proven team will continue to navigate through these risks with care and prudence as usual.

Future Expectations

Looking ahead, a key focus will be on the successful integration of Seram Industries, ensuring alignment across operations while capturing synergies in both manufacturing and market access.

At the same time, efforts will be directed towards monetising the new warehouse facility in Sydney once completed, with the aim of securing tenants and establishing a stable stream of recurring income.

The Group will also continue to pursue opportunities for large-scale crane projects in Europe, leveraging its expanded presence in the region. The crane market appears to be making a turn upwards. Barring significant changes due to the Iran conflict, we do expect to see an uptick in crane activity moving forward.

Managing Director/Chief Executive Officer



Luffing Wharf Crane at Test Pad in Malaysia



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



Offshore Crane, Zwatika 1E, Thailand

Profile of Directors

Dato' Sri Khazali bin Haji Ahmad

Aged 71, 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 was re-designated as Chairman, Senior Independent Non-Executive Director on 4 July 2022 and appointed as Chairman of Remuneration Committee and Nominating Committee on 21 September 2022. He is also an Independent Non-Executive Director of Muhibbah Engineering (M) Bhd ("**MEB**").

He graduated with a Bachelor of Economics degree from University Kebangsaan Malaysia in 1980 and obtained a Diploma in Public Administration from Institute Tadbiran Awam Malaysia (INTAN) in 1981. He received a 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 the 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. He also serves as an Independent Director, Chairman of the Nomination and Remuneration Committee and a member of Audit Committee of Shangri-La Hotels (Malaysia) Berhad. In addition, he is an Independent Director of Muhibbah Engineering (M) Bhd, where he also serves as Chairman of Audit Committee, Nominating Committee and Remuneration Committee.

Mac Chung Hui

Aged 47, 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-five (25) years.

Profile of Directors (Cont'd)

Mac Ngan Boon @ Mac Yin Boon

Aged 82, 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 60, 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-one (31) years.

Mazlan bin Abdul Hamid

Aged 63, 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)

Anuar bin Abd Rahman

Aged 65, Male, Malaysian

(Independent Non-Executive Director)

Chairman of the Audit Committee, Member of the 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 was re-designated as Chairman of the Audit Committee on 26 August 2025.

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 thirty (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.

Dato' Sharimahton binti Mat Saleh

Aged 60, Female, Malaysian

(Independent Non-Executive Director)

Member of the Audit Committee, Remuneration Committee and Nominating Committee

Dato' Sharimahton binti Mat Saleh was appointed as an Independent Non-Executive Director and member of the Audit Committee, Remuneration Committee and Nominating Committee of FFB on 26 August 2025.

She graduated with a Master's Degree in Business Administration from Saint Louis University, United States of America and obtained a Bachelor's Degree of Business Administration from Western Michigan University United States of America.

Dato' Sharimahton binti Mat Saleh has thirty-five (35) years' experience in industrial development and international trade. She began her career with the Malaysia Industrial Development Authority (MIDA) in 1989. She then took on the position of Senior Manager at the Malaysian External Trade Development Corporation (MATRADE) in 2001 and was promoted as the Trade Commissioner to Los Angeles, USA, in 2005. She was promoted to the position of Deputy Chief Executive Officer (Exporters Development) in 2017 and later Deputy Chief Executive Officer (Export Acceleration) in 2021, a post she held until her retirement on 1 February 2024.

Profile of Key Senior Management

Tew Siew Chong

Aged 57, 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 71, Male, Singaporean

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

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

Michael Khoo Kok Eng

Aged 64, 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.

Profile of Key Senior Management (Cont'd)

Shenandoah Chong Shin Kwek

Aged 57, 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 57, Male, Danish

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

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

Alex Chan Soon Nam

Aged 60, Male, Malaysian

Alex Chan Soon Nam has been the General Manager of Shanghai Favco Engineering Machinery Manufacturing Co., Ltd. (“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.

Profile of Key Senior Management (Cont'd)

Jack Lee Wai Meng

Aged 46, 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.

Sustainability Statement

Elevating the Industry for a Better Tomorrow

FFB's Statement at a Glance

The Group is pleased to present Favelle Favco Berhad's ("FFB") Sustainability Statement for FY2025, 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

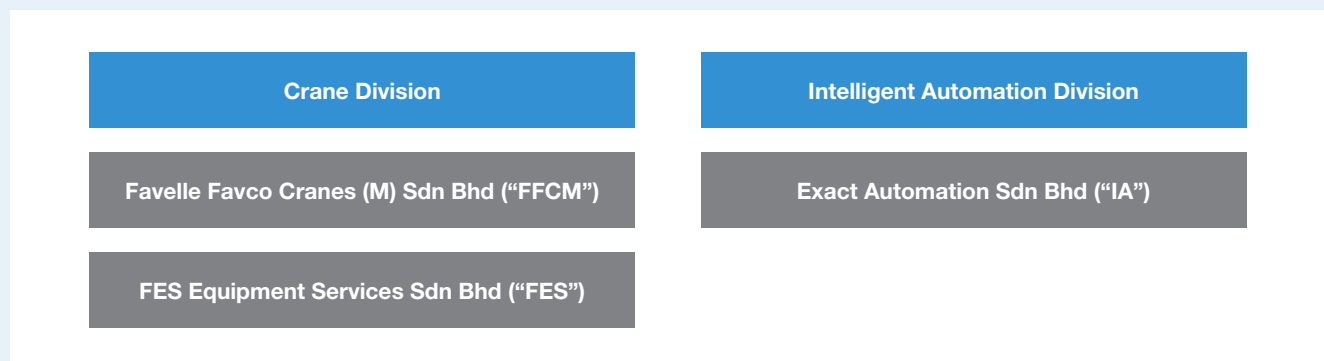
FFB, a subsidiary of Muhibbah Engineering (M) Bhd ("MEB"), specialises in crane and intelligent automation solutions. We integrate sustainability across our operations to mitigate risks and contribute to a greener future—strengthening resilience, enhancing operational efficiency and generating enduring 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 2025 to 31 December 2025 ("FY2025") 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.



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 profiles 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 advance 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	<ol style="list-style-type: none"> Investor Relations Supply Chain Management Quality Control and Customer Satisfaction 	<ol style="list-style-type: none"> Regulatory Compliance Corporate Governance, Risk Management and Anti-Corruption Data Privacy and Security 	<ol style="list-style-type: none"> Energy, Emissions and Climate Resilience Waste and Pollution Management Water Management 	<ol style="list-style-type: none"> Occupational Health and Safety Labour Practices and Standards Diversity and Talent Management Community Engagement and Contribution
Contributions to the UN SDGs				
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 2025, we prioritised nine key SDGs that align with our operations and objectives, contributing meaningful impacts to society and the environment.


<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>3.5: Strengthen the prevention of substance abuse, including narcotic abuse and harmful use of alcohol</p> <ul style="list-style-type: none"> • 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 <p>3.8: Achieve universal health coverage, including access to essential health-care services</p> <ul style="list-style-type: none"> • The Group provides employees with health benefits and medical insurance
<p>5 GENDER EQUALITY</p>	<p>5.2: Eliminate all forms of violence against all women and girls</p> <ul style="list-style-type: none"> • Our Sexual Harassment Policies has been established under the Clause No. 16 of our Code of Ethics, Business Practices and Conduct Policies and Procedures. The Group promotes awareness on sexual harassment throughout our workplace
<p>6 CLEAN WATER AND SANITATION</p>	<p>6.3: Reducing pollution and minimising the release of hazardous chemicals and materials</p> <ul style="list-style-type: none"> • 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
<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>7.3: Increase the share of renewable energy</p> <ul style="list-style-type: none"> • The Group has installed solar photovoltaic ("PV") panels at the Senawang facility
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.8: Protect labour rights and promote safe working environments</p> <ul style="list-style-type: none"> • 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
<p>9 INDUSTRY INNOVATION & INFRASTRUCTURE</p>	<p>9.4: Upgrade infrastructure to make them sustainable, with increased resource-use efficiency</p> <ul style="list-style-type: none"> • 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	<p>12.4: Achieve the environmentally sound management of chemicals and reduce their release to the environment</p> <ul style="list-style-type: none"> 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 <p>12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <ul style="list-style-type: none"> A designated waste sorting area ensures proper disposal, with electronic and battery waste sent to designated recycling companies
13 CLIMATE ACTION	<p>13.2: Integrate climate change measures into strategies and planning</p> <ul style="list-style-type: none"> FFB monitored and disclosed Scope 1, Scope 2 and Scope 3 greenhouse gas ("GHG") emissions to provide transparent information in our approach to manage climate-related risks and opportunities
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	<p>16.5: Reduce corruption and bribery in all their forms</p> <ul style="list-style-type: none"> 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 FY2025

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-hoc  Annually  Quarterly  Bi-annually  Throughout

Areas of Interest	Our Approach	Method and Frequency
SHAREHOLDERS/INVESTORS		
<ul style="list-style-type: none"> Group financial performance Corporate governance and compliance Ethical business conduct Share price growth Mitigation and adaptation to climate change ESG indicators, performance and tracking 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none">  Investors virtual and physical meetings  Annual general meetings  Quarterly financial reporting and annual reports  Investors virtual and physical seminars and conferences  Communication via emails or teleconferencing
REGULATORY AGENCIES		
<ul style="list-style-type: none"> Regulatory compliance Labour practices Occupational Safety & Health Environmental management and compliance Operating licence 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none">  Inspection by the local authority  General meetings with local regulators  Relevant circulations on authorities'/ regulators' policies  Communication of new law and changes in law  Attending seminars held by regulators  Courtesy visit for information sharing and clarification

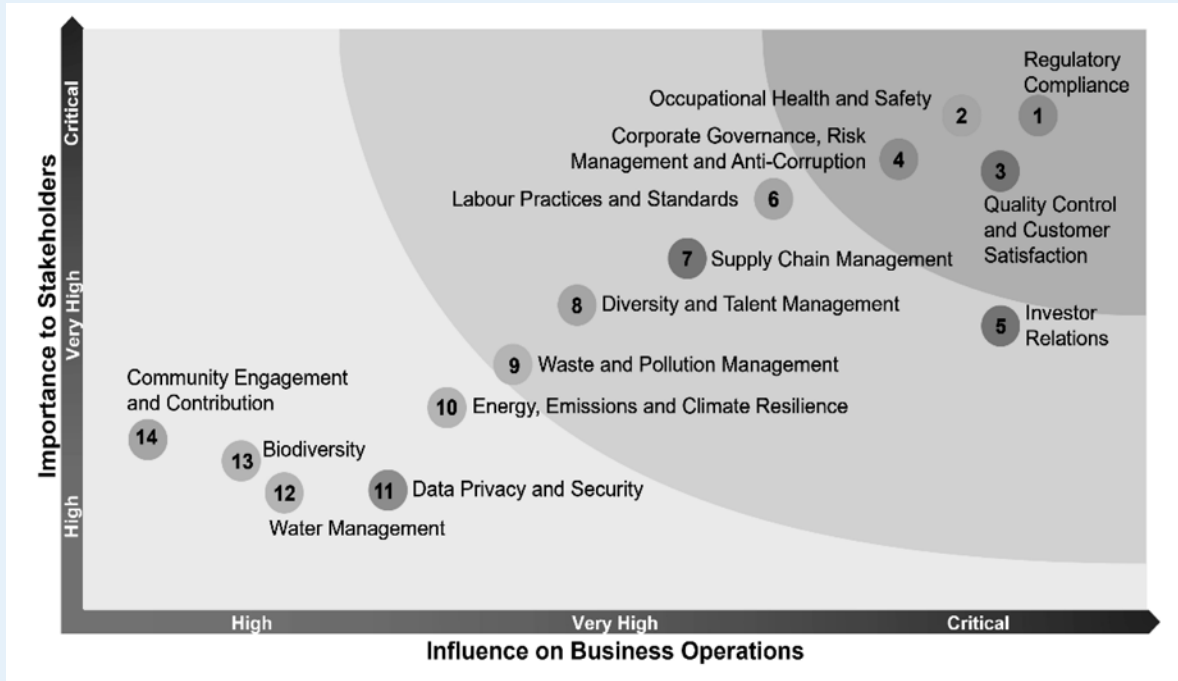
Sustainability Statement (Cont'd)

Areas of Interest	Our Approach	Method and Frequency
CLIENTS		
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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		
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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		
<ul style="list-style-type: none"> Procurement practices Payment schedule Ability and capability of suppliers or sub-contractors Financial stability of sub-contractors Compliance with HSE Management 	<ul style="list-style-type: none"> Established e-procurement with long-term strategic suppliers Conducted supplier evaluation and performance reviews Delivered training sessions and briefings 	<ul style="list-style-type: none"> Ad Vendor registration Ad Contract tender negotiation Th Third party appraisal of sub-contractors Th Periodic audit and inspection
LOCAL COMMUNITIES		
<ul style="list-style-type: none"> Social issues Impact of business operations Transparency and accountability Compliance with HSE Management 	<ul style="list-style-type: none"> Participated MEB’s CSR Rangers to contribute to society 	<ul style="list-style-type: none"> 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 2025, MEB identified 14 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 FY2025, the Group recorded RM 787 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 2025, our subsidiaries implemented the initiatives below to improve products and services provided by the Group.

FFCM	FES	IA
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Reviewed quality plan to improve product quality 	<ul style="list-style-type: none"> 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 FY2025, we achieved an average customer satisfaction score of 90% 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 FY2025, 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 Director's Fit and Proper Policy is available on the Company's website at www.favellefavco.com.

FFCM	FES	IA
<ul style="list-style-type: none"> • Quality Policy • Health and Safety Policy • Environment Policy • Drugs and Alcohol Policy 	<ul style="list-style-type: none"> • Drugs and Alcohol Policy • Environment Policy • Ethical Code and Conflicts of Interest • Company Quality Policy • Health and Safety Policy 	<ul style="list-style-type: none"> • 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.

FY2025		
17,419 GJ total energy consumed		3,498 tCO₂e total GHG emissions
Scope 1	Scope 2	Scope 3
497 tCO₂e	1,795 tCO₂e	1,207 tCO₂e

Note: Commenced disclosures for Scope 1, 2 and 3 GHG emissions in FY2025

In FY2025, the Group implemented various efforts to optimise energy consumption and integrate renewable energy across our operations.

FFCM	FES	IA
<ul style="list-style-type: none"> 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 452,904 kWh 	<ul style="list-style-type: none"> Adopted outdoor lighting timer systems around the premises 	<ul style="list-style-type: none"> Shutting down idle equipment

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 Campaign 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 manage and collect scheduled waste.
FES	<p>For general waste, FES has placed designated bins across operations, which are collected by the registered contractor for disposal.</p> <p>Scheduled waste is collected from the designated storage area and sent to the DOE registered contractor.</p>

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 FY2025, 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
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 FY2025.

Personal Protective Equipment (“PPE”) & Electrical Safety Awareness Training

Participants were trained on the proper selection, use, and maintenance of PPE, as well as electrical safety awareness, including identification of electrical hazards and safe work practices to prevent workplace accidents and injuries.

Safety Induction Training

These trainings sessions were designed to help new employees understand how to work safely and responsibly in their new environment

Safety and Health Procedures

These safety trainings 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
<p>Implemented the Vision Zero (“Zero LTI”) and UAUC programmes to promote health and safety among employees, clients and suppliers to actively identify potential hazards and preventive measures.</p>	<p>Launched a reward programme to encourage employee participation through a HSE competition, where participating employees will be rewarded for reporting and identifying unsafe acts.</p>	<p>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.</p>

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 remains committed to continuous learning and capability development across technical, safety and professional areas to support operational excellence and workforce readiness. In 2025, employees participated in a wide range of structured training programmes, including core technical modules on mechanical, electrical and crane system fundamentals, as well as advanced engineering applications such as ANSYS and relevant design standards.

RM459,280 invested
in employee training
and development
programmes

Strong emphasis was also placed on safety and compliance, with training covering hazard identification and risk control (HIRARC), working at height, confined space operations, emergency response, offshore safety certifications (BOSIET/FOET) and occupational first aid. Employees further enhanced their knowledge through regulatory and compliance programmes, including SST, MBRS, PDPA and other industry requirements.

To support business growth and innovation, the Group expanded its training initiatives to include Artificial Intelligence (AI), project and contract management, and customer support, complemented by product-specific technical training. Leadership and personal development were strengthened through coaching, team building and motivational programmes, fostering a high-performing, engaged and future-ready workforce.

Community Engagement and Contribution

FFB engages in community initiatives to build strong relationships, enhance corporate reputation and support sustainable development. In FY2025, we invested RM4,098 in these initiatives for six 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)

ESG PERFORMANCE DATA TABLE

PERFORMANCE INDICATOR	UNIT	YEAR		
		2023	2024	2025
Economic				
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	%	65.34*	73.42	61.60
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	1
- Executive	%	24*	25	20
- Non-Executive/Technical Staff	%	24*	16	9
Bursa C1(b) Percentage of operations assessed for corruption related risks	%	0	0	0
Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	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	0
Environment				
Energy, Emissions and Climate Resilience				
Bursa C4(a) Total energy consumption	GJ	12,629	18,220	17,419
Bursa C4(a) Total energy consumption	MWh	3,508*	5,061	4,839
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	tCO2e	234	472	497
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	tCO2e	1,597	2,166	1,795
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (business travel and employee commuting)	tCO2e	-	847	1,207
Water Management				
Bursa C9(a) Total volume of water used	ML	42*	42	30
Waste and Pollution Management				
Bursa C10(a) Total waste generated	Metric tonnes	33.21	31.01	24.11
Bursa C10(a) Total waste diverted from disposal	Metric tonnes	21.57	9.65	2.71
Bursa C10(a) Total waste directed to disposal	Metric tonnes	11.64	21.36	21.40
Social				
Occupational Health and Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR") – per 200,000 hours of work	Rate	0.08*	0.29	0.16
Bursa C5(c) Number of employees trained on health and safety standards	Number	508	262	388
Labour Practices and Standards				
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0	0
Diversity and Talent Management				
Bursa C6(a) Total hours of training by employee category				
- Management	Hours	434	343	1,264
- Executive	Hours	4,445	2,617	5,944
- Non-Executive/Technical Staff	Hours	2,849	2,859	4,155
Bursa C6(c) Total number of employee turnover by employee category				
- Management	Number	1	7	5
- Executive	Number	52	53	50
- Non-Executive/Technical Staff	Number	33	42	96
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Gender group by employee category				
- Senior Management/ Management (Men)	%	76*	78	77
- Senior Management/ Management (Women)	%	24*	22	23
- Executive (Men)	%	66*	68	70
- Executive (Women)	%	34*	32	30
- Non-Executive/Technical Staff (Men)	%	93*	92	91
- Non-Executive/Technical Staff (Women)	%	7*	8	9
Age group by employee category				
- Management (<30)	%	0*	0	0
- Management (30-50)	%	72*	74	71
- Management (>50)	%	28*	26	29
- Executive (<30)	%	26*	31	36
- Executive (30-50)	%	72*	65	59
- Executive (>50)	%	2*	3	5
- Non-Executive/Technical Staff (<30)	%	22*	27	25
- Non-Executive/Technical Staff (30-50)	%	69*	62	66
- Non-Executive/Technical Staff (>50)	%	10*	11	9
Bursa C3(b) Percentage of directors by gender and age				
Men	%	86	86	71
Women	%	14	14	29
<30 years	%	0	0	0
30-50 years	%	14	14	14
>50 years	%	86	86	86
Bursa C6(b) Percentage of employees that are contractors or temporary staff				
- Permanent	%	99*	97	98
- Contract	%	1*	3	2
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	4,098
Bursa C2(b) Total number of beneficiaries of the investment in communities (for organisation)	Number	4	3	6

Note: Data labelled with asterisk (*) were restated

Favelle Favco Berhad
BMLR Transition Period

Date & Time: 2026-04-24_22:06:37
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Economic Supply Chain Management	Bursa C7(a) Proportion of spending on local suppliers	%	81.60	—	No assurance
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	%	1	—	No assurance
Governance Corporate Governance, Risk Management and Anti-Corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category -Executive	%	20	—	No assurance
Governance Corporate Governance, Risk Management and Anti-Corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category -Non-Executive/Technical Staff	%	9	—	No assurance
Governance Corporate Governance, Risk Management and Anti-Corruption	Bursa C1(b) Percentage of operations assessed for corruption related risks	%	0	—	No assurance
Governance Corporate Governance, Risk Management and Anti-Corruption	Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	—	No assurance
Governance Data Privacy and Security	Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	—	No assurance
Environment Energy, Emissions and Climate Resilience	Bursa C4(a) Total energy consumption	GJ	17,419	—	No assurance
Environment Energy, Emissions and Climate Resilience	Bursa C4(a) Total energy consumption	MWh	4,839	—	No assurance

Sustainability Statement (Cont'd)

Favelle Favco Berhad
 BMLR Transition Period

Date & Time: 2026-04-24_22:06:37
 FYE: 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Environment Energy, Emissions and Climate Resilience	Bursa C11(a) Scope 1 emissions in tonnes of CO2e	tCO2e	497	—	No assurance
Environment Energy, Emissions and Climate Resilience	Bursa C11(b) Scope 2 emissions in tonnes of CO2e	tCO2e	1,795	—	No assurance
Environment Energy, Emissions and Climate Resilience	Bursa C11(c) Scope 3 emissions in tonnes of CO2e (business travel and employee commuting)	tCO2e	1,207	—	No assurance
Environment Water Management	Bursa C9(a) Total volume of water used	ML	30	—	No assurance
Environment Waste and Pollution Management	Bursa C10(a) Total waste generated	Metric tonnes	2431	—	No assurance
Environment Waste and Pollution Management	Bursa C10(b) Total waste diverted from disposal	Metric tonnes	2.71	—	No assurance
Environment Waste and Pollution Management	Bursa C10(a) Total waste directed to disposal	Metric tonnes	21.40	—	No assurance
Social Occupational Health and Safety	Bursa C5(a) Number of work-related fatalities	Number	0	—	No assurance
Social Occupational Health and Safety	Bursa C5(b) Lost time incident rate ("LTIR") – per 200,000 hours of work	Rate	0.16	—	No assurance
Social Occupational Health and Safety	Bursa C5(c) Number of employees trained on health and safety standards	Number	368	—	No assurance
Social Labour Practices and Standards	Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	—	No assurance

Favelle Favco Berhad
BMLR Transition Period

Date & Time: 2026-04-24_22:06:37
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Social Diversity and Talent Management	Bursa C6(a) Total hours of training by employee category -Management	Hours	1,264	—	No assurance
Social Diversity and Talent Management	Bursa C6(a) Total hours of training by employee category -Executive	Hours	5,944	—	No assurance
Social Diversity and Talent Management	Bursa C6(a) Total hours of training by employee category -Non-Executive/Technical Staff	Hours	4,155	—	No assurance
Social Diversity and Talent Management	Bursa C6(c) Total number of employee turnover by employee category -Management	Number	5	—	No assurance
Social Diversity and Talent Management	Bursa C6(c) Total number of employee turnover by employee category -Executive	Number	50	—	No assurance
Social Diversity and Talent Management	Bursa C6(c) Total number of employee turnover by employee category -Non-Executive/Technical Staff	Number	96	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category -Management (Men)	%	77	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category -Management (Women)	%	23	—	No assurance

Sustainability Statement (Cont'd)

Favelle Favco Berhad BMLR Transition Period		Date & Time: 2026-04-24_22:06:37 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category -Executive (Men)	%	70	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category -Executive (Women)	%	30	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category -Non-Executive/Technical Staff (Men)	%	91	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category -Non-Executive/Technical Staff (Women)	%	9	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group for each employee category -Management (<30)	%	0	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group for each employee category -Management (30-50)	%	71	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group for each employee category -Management (>50)	%	29	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group for each employee category -Executive (<30)	%	36	—	No assurance

Favelle Favco Berhad
BMLR Transition Period

Date & Time: 2026-04-24_22:06:37
FYE 31/12/2025

Sustainability Master	Metric	Measurement Unit	2025	Target	Assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group for each employee category -Executive (30-50)	%	59	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group for each employee category -Executive (>50)	%	5	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group for each employee category -Non-Executive/Technical Staff (<30)	%	25	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group for each employee category -Non-Executive/Technical Staff (30-50)	%	66	—	No assurance
Social Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group for each employee category -Non-Executive/Technical Staff (>50)	%	9	—	No assurance
Social Diversity and Talent Management	Bursa C3(b) Percentage of directors by gender -Male	%	71	—	No assurance
Social Diversity and Talent Management	Bursa C3(b) Percentage of directors by gender -Female	%	29	—	No assurance
Social Diversity and Talent Management	Bursa C3(b) Percentage of directors by age -<30 years	%	0	—	No assurance
Social Diversity and Talent Management	Bursa C3(b) Percentage of directors by age -30-50 years	%	14	—	No assurance

This report was generated on the Bursa Malaysia CSI Platform on 2026-04-24_22:06:37

Page 5 of 6

Sustainability Statement (Cont'd)

Favelle Favco Berhad
 BMLR Transition Period

Date & Time: 2026-04-24_22:06:37
 FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Social Diversity and Talent Management	Bursa C3(b) Percentage of directors by age ->50 years	%	86	—	No assurance
Social Diversity and Talent Management	Bursa C6(b) Percentage of employees that are contractors or temporary staff -Permanent	%	96	—	No assurance
Social Diversity and Talent Management	Bursa C6(b) Percentage of employees that are contractors or temporary staff -Contract	%	2	—	No assurance
Social Community Engagement and Contribution	Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	4,098	—	No assurance
Social Community Engagement and Contribution	Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	6	—	No assurance

Other Information

Additional Information on Directors

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

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

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

None of the Directors has 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 2025 were as follows:

	Group RM'000	Company RM'000
Audit services	295	73
Non-audit services		
- Tax compliance and advisory	20	20

3. Employees' Share Issuance Scheme

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.

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

Category	Balance at 1.1.2025 '000	Number of options			Balance at 31.12.2025 '000
		Granted '000	Exercised '000	Forfeited '000	
Directors and Key Senior Management	8,374	-	(428)	-	7,946
Other eligible employees	9,031	-	(180)	(458)	8,393
Total	17,405	-	(608)	(458)	16,339

* 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 2025, 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 2025 or entered into since the end of the previous financial year ended 31 December 2024.

5. Recurrent Related Party Transactions

At the Annual General Meeting held on 26 June 2025, 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 29 April 2025.

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 2025 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 2025 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	6,167
		# 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.	596
		# Rental of plant and equipment and scaffolding service by FFB Group to MEB Group	-
		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
		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	3,139

Other Information (Cont'd)

Transacting Parties	Related Party	Nature of Transactions	Actual Transactions Value for the Financial Year Ended 31 December 2025 RM'000
		# Rental of office premise, workshop and land located at Hakmilik No. 6322, Lot 129073 and Hakmilik No. 8742, Lot 175050 Telok Gong, Mukim and District of Klang, State of Selangor by MEB Group to FFB Group, measuring 286,551 sq. ft.	970
		# 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 44,180 sq. ft.	1,005
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

6. Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

	Remarks	Group	
		2025 RM'000	2024 RM'000
(a) Group Total Income and Total Assets			
Revenue		787,147	901,124
Other income		3,237	4,013
Finance income		9,966	6,995
Share of profit of associates		2,673	1,989
Total income		803,023	914,121
Total assets		1,473,119	1,441,771

Other Information (Cont'd)

	Remarks	Group	
		2025 RM'000	2024 RM'000
(b) Business Activities			
Shariah Non-Compliant Activities			
Interest income		6,302	3,752
Income from disposal of Shariah non-compliant investment		76	406
Total Shariah Non-Compliant income		6,378	4,158
(c) Component of Financial Position			
(i) Cash Component			
Islamic Account/Instruments			
Cash at bank	includes cash in hand	23,521	15,735
Deposits with licensed banks		2,915	7,111
Islamic account total cash		26,436	22,846
Conventional Account/Instruments			
Cash at bank		76,119	47,339
Deposits with licensed banks		66,986	63,012
Short-term funds		48,772	27,976
Conventional account total cash		191,877	138,327
(ii) Debt Component			
Conventional Borrowing			
<i>Current</i>			
Banker's acceptances		64,134	51,588
Bank overdraft		2,509	5,008
Hire purchase payables		8,654	5,374
Revolving credits and loans		43,000	25,000
Term loans		7,408	1,505
<i>Non-Current</i>			
Hire purchase payables		4,386	12,714
Term loans		5,246	5,861
Conventional total debts		135,337	107,050

Corporate Governance Overview Statement

INTRODUCTION

The Board of Directors (“**the Board**”) is committed to 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 2025.

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 has 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.

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

Corporate Governance Overview Statement (Cont'd)

Board Meetings

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

Name of Directors	Attendance at Meetings in 2025
Dato' Sri Khazali bin Haji Ahmad	3/4
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 (Retired on 26 June 2025)	2/2 [^]
Anuar bin Abd Rahman	4/4
Dato' Sharimahton binti Mat Saleh (Appointed on 26 August 2025)	2/2 [^]

[^] Reflects the number of meetings held during the period the Director held office

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

Access to Information and Advice

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

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

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

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

Code of Conduct

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

The Code of Conduct is available on the Company's website at www.favellefavco.com.

Corporate Governance Overview Statement (Cont'd)

Anti-Bribery and Corruption Policy

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

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

The Anti-Bribery and Corruption Policy is available on the Company's website at www.favellefavco.com.

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 2025 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 the Board. The decision-making process of the Board Committees is collectively made in accordance with the Terms of Reference of each committee. The unanimous decisions made by respective committees are tabled to the Board by the Chairmen of the various Board committees for further deliberations before decisions are made by the Board.

(i) Audit Committee ("AC")

The present members of the AC are as follows:-

Name of Committee Members	Designation
Anuar bin Abd Rahman	Chairman (Re-designated as Chairman on 26 August 2025) (Independent Non-Executive Director)
Dato' Sri Khazali bin Haji Ahmad	Member (Senior Independent Non-Executive Director)
Dato' Sharimahton binti Mat Saleh	Member (Independent Non-Executive Director)

Corporate Governance Overview Statement (Cont'd)

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

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

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

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

(ii) Nominating Committee

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

Name of Committee Members	Designation
Dato' Sri Khazali bin Haji Ahmad	Chairman <i>(Senior Independent Non-Executive Director)</i>
Anuar bin Abd Rahman	Member <i>(Independent Non-Executive Director)</i>
Dato' Sharimahton binti Mat Saleh	Member <i>(Independent Non-Executive Director)</i>

The Nominating Committee met once during the financial year 2025. In accordance with its Terms of Reference, the Nominating Committee reviewed the Board structure, size, composition in the Board to ensure it has the appropriate mix of skills, experience and other core competencies in fulfilling the relevant requirements or guidelines of Bursa Securities.

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

- Reviewed and assessed the performance of each Independent Director including the requirements under the MMLR of Bursa Securities. All assessments and evaluations carried out by the Nominating Committee are properly documented whereby the Nominating Committee was satisfied by the level of independence demonstrated by all the Independent Directors;
- Reviewed the existing balance, size and composition of the Board and its committees as a 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.

Corporate Governance Overview Statement (Cont'd)

(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 <i>(Senior Independent Non-Executive Director)</i>
Anuar bin Abd Rahman	Member <i>(Independent Non-Executive Director)</i>
Dato' Sharimahton binti Mat Saleh	Member <i>(Independent Non-Executive Director)</i>

The Remuneration Committee met once during the financial year 2025. 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.

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 were reviewed and enhanced by the Nominating Committee during the financial year.

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

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

Corporate Governance Overview Statement (Cont'd)

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

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

The Board believes that diversity in the Board's composition will bring value to board deliberation. The Board also recognises the benefit of diversity in gender and hence gender had been inherently considered in the recruitment and appointment of Directors in succession planning. The Board has two (2) women Directors 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.

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 Directors who 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 acknowledges the benefits from the Independent Directors who have, over time, gained invaluable insights into the Group, its market and the industry.

Corporate Governance Overview Statement (Cont'd)

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 included the following:-

Programme Title	Organiser
AI First Mindset Principle and Readiness to Apply AI-driven Strategies in Business	AI-First Mindset
Business Strategy in a World Beyond 1.5°C	PPB Corporate Services Sdn Bhd
Comprehending the Johor-Singapore SEZ Incentives and Corporate Governance Trends in Malaysia	BoardRoom Group
Corporate Innovation and Growth Bootcamp	Nanyang Learning Hub Sdn Bhd
Empowering Entrepreneurs with Cutting-Edge AI Strategies	AI-First Mindset
Global and Malaysia Economic outlook	PPB Corporate Services Sdn Bhd
Global Outlook 2026: Risk-On Engines To Take Flight	RHB Banking Group
Management Cybersecurity Awareness	PPB Corporate Services Sdn Bhd
Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM
OGSE100 CEOs Forum 2025	Malaysia Petroleum Resources Corporation
Personal Data Protection in Malaysia - Core Principles and Practical Insights	Shearn Delamore & Co
Sales Tax Revision and Service Tax Expansion 2025	Crowe Malaysia
Service Tax Expansion in Malaysia	Crowe Malaysia
Stay Ahead of Your Compliance Curve on XBRL, MBRS 2.0 & E-Invoicing	BoardRoom Group
Transfer Pricing Documentation DIY Course 15.0	YYC TaxPOD
Withholding Tax and The Tax Implications of Cross-Border Transactions	ACCA Malaysia
YYC Tax Summit 2025	YYC TaxPOD

Corporate Governance Overview Statement (Cont'd)

VII. Directors' Remuneration

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

The Company

	Salaries RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
Executive Directors	1,548	192	242	1,982
Non-Executive Directors	-	137	41	178
Total	1,548	329	283	2,160

Other Related Companies (within FFB Group)

	Salaries RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
Executive Directors	-	89	7	96
Non-Executive Directors	-	10	1	11
Total	-	99	8	107

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 can be downloaded from the company's corporate website at www.favellefavco.com.

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

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, who presided over AC meetings in the first two quarters of 2025 before retiring on 26 June 2025. Following his retirement, the Board re-designated Anuar bin Abd Rahman as AC Chairman, who subsequently chaired the meetings for the third and fourth quarters of 2025. 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 was 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.

Corporate Governance Overview Statement (Cont'd)

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.

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.

Corporate Governance Overview Statement (Cont'd)

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 Chairman and Directors are in attendance to respond to shareholders’ queries during the meeting. External auditors were also invited to attend the AGM to provide independent clarification on issues relating to the conduct of audit and Auditors’ Report, if any. 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 2025.

This CG Overview Statement was approved by the Board of Directors on 31 March 2026.

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 2025.

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 2025 are as follows:

Members	Designation	Attendance at meetings in 2025
Sobri bin Abu	Chairman <i>(Independent Non-Executive Director)</i> <i>(Retired on 26 June 2025)</i>	2/2 [^]
Anuar bin Abd Rahman	Chairman <i>(Re-designated as Chairman on 26 August 2025)</i> <i>(Independent Non-Executive Director)</i>	4/4
Dato’ Sri Khazali bin Haji Ahmad	Member <i>(Senior Independent Non-Executive Director)</i>	3/4
Dato’ Sharimahton binti Mat Saleh	Member <i>(Independent Non-Executive Director)</i> <i>(Appointed on 26 August 2025)</i>	2/2 [^]

[^] Reflects the number of meetings held during the period the Director held office

The issues discussed and deliberated during the four (4) AC meetings were recorded in the minutes of each meeting by the Company Secretaries. 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 2025

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

(i) Financial Reporting & External Audit

- Reviewed the announcements of quarterly financial results as well as the year-end financial statements of the Group prior to recommending to the Board of Directors for consideration and approval. The AC deliberated on book orders, budgeted revenue, profitability and cash position;
- Reviewed the overall assessment of the external auditor’s performance and independence for the financial year ended 31 December 2025. Messrs Crowe Malaysia PLT has been the Company’s external auditors since 2010 and was recommended for re-appointment for the ensuing year. The financial year ended 31 December 2025 marked the first year of tenure of the current engagement partner;
- Reviewed and approved the external auditor’s audit plan for the financial year ended 31 December 2025, inclusive of terms of engagement and scope of work, at its meeting held on 18 November 2025;
- 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 25 February 2025 and 18 November 2025 to discuss relevant issues and obtain feedback.

Audit Committee Report (Cont'd)

Summary of Activities in 2025 (continued)(ii) Internal Audit

- Reviewed the Group Internal Audit Department's ("**GIAD**") 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 18 November 2025;
 - Reviewed the recurrent related party transactions 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, if any, affecting the Group.
- (vi) Reviewed the Company's dividend proposal and recommended the same to the Board for approval.
- (vii) 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 2026, if any.

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)

All internal auditors have provided written assurance confirming their compliance with the Group's Code of Conduct and that they are free from any relationships or COI that could impair their objectivity in the performance of their audit duties.

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 2025, the scope of the internal audit reviews included the following:

- Administration of Liquidated Ascertained Damages (LAD)
- Assets Management
- Recurring and Related Party Transactions
- Store Management
- Procurement Management

The findings of the above five (5) internal audit reviews were discussed with Senior Management and the relevant Heads of Department prior to being presented to the AC for deliberation. The reports included recommendations and Management's action plans, together with targeted implementation timelines, to address and mitigate the identified issues within the stipulated timeframe.

Actions taken by the audited operating units were subsequently followed up by GIAD, and the results of these follow-up reviews were reported to the AC. In addition, GIAD carried out the following:

- Facilitated the quarterly meetings of the Risk Management Committee (RMC) and Risk Management Unit (RMU) across the various business units, without compromising the independence of the internal audit function.
- Reviewed the Statement on Risk Management and Internal Control for inclusion in the Company's 2025 Annual Report.

The total cost incurred by GIAD for the financial year ended 31 December 2025 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 present this statement in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“**SORMIC Guide 2025**”).

Board’s Responsibilities

In discharging its responsibilities, the Board is committed to maintaining sound risk management practices and a robust system of internal controls as a foundation for good corporate governance. The Board affirms its overall responsibility for ensuring that the Group maintains an effective system of risk management and internal control to safeguard 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 established risk management and internal control framework of the Group.

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

Risk Management

In line with good practice in monitoring the Group’s risk exposures, a Risk Management Committee (“**RMC**”) was established at the Group level, with its principal roles and responsibilities set out in the Group’s Risk Management Policy and Procedure.

The RMC, comprising Executive Directors and members of Senior Management, meets on a quarterly basis to monitor and review the Group’s risk profile. During these meetings, the status of the Group’s key risks is deliberated and reports on major risks submitted by the respective Risk Management Units (“**RMUs**”) are reviewed.

The outcome of the RMC meetings is subsequently reported to the Board by the Chairman of the RMC, who is also the Managing Director.

The RMC is supported by RMUs established within the respective business units, comprising management staff and the relevant Heads of Department. Each RMU meets on a quarterly basis to review the status of the risk profile, and the outcomes of these reviews are documented in reports, which include the updated risk profile and risk matrix.

The RMC and RMUs were established to provide a continuous and consistent approach to the identification and assessment of risks, as well as to facilitate the review of the adequacy and effectiveness of the related risk management processes in mitigating such risk. The risk management process has been in place and remains operational up to the date of approval of this Statement.

Key Elements of Internal Control

- Organisation Structure & Authorisation Procedures

The Group maintains a formal organisational structure with clearly defined lines of responsibilities and accountability. The structure sets out the roles and responsibilities, as well as the review and approval procedures, to support the internal control system across the Group’s various business units.

- Vision and Mission

Management has established the Group’s vision and mission statements to provide clear direction to employees in achieving the Group’s goals and objectives.

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

Key Elements of Internal Control (continued)

- Authority Limits

Each business unit operates within established Discretionary Authority Limits, which define the approval thresholds for both financial and non-financial transactions. These authority limits are assigned to designated personnel to approve or execute transactions, facilitating timely decision-making while ensuring appropriate checks and balances over commitments undertaken on behalf of the Group.

- Code of Conduct, Whistleblowing Policy and Anti-Bribery and Corruption Policy

The Group has established a Code of Conduct, a Whistleblowing Policy and an Anti-Bribery and Corruption Policy to promote a culture of accountability and integrity within the organisation. These policies also serve as guidelines to shape and reinforce the expected standards of conduct and ethical behaviour among 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 annual internal quality audits and inspections to ensure that operational processes comply with the requirements of the ISO 9001:2015 Quality Management System, API Specification Q1 and API Specification 2C. All three of these certifications are issued by the American Petroleum Institute.

In addition to the internal quality audits, scheduled audits are also conducted by external auditors from the relevant certification bodies.

- Budgetary Review on Profit & Loss

Management prepares an annual profit and loss budget, which is submitted to the Board for approval. Quarterly monitoring is conducted to compare actual performance against the budget, with significant variances identified and reported 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 (HSE) Department conducts periodic training and inspection to ensure employees maintain a reasonable level of awareness of, and compliance with, applicable laws and standards. The results of these 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 ensures that matters requiring the attention of the Board and Senior Management are highlighted in a timely manner for review, deliberation and decision-making.

- External Audit

Any internal control weaknesses identified by the external auditors during the course of their audit are reported to the AC, through the audit review memorandum for their attention.

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

The Group's system of internal control does not extend to Associate Companies where the Group does not have full management control. Nevertheless, the Group's interests in these entities are safeguarded through its representation on the boards of the Associate Companies.

Review of Internal Controls

The AC is entrusted by the Board with the responsibility of reviewing and monitoring the effectiveness of the Group's internal control system. In discharging this role, the AC reviews quarterly reports submitted by Management, observations raised by the external auditors, and is supported by the GIAD which conducts independent assessments of the adequacy and effectiveness of the internal controls in accordance with the audit plan approved by the AC. Internal audit findings and recommendations are reviewed by the AC on a quarterly basis. A detailed description of the AC's roles and activities is provided in the Audit Committee Report of this Annual Report.

Review of this Statement by External Auditors

This Statement has been reviewed by the external auditors in pursuance of Paragraph 15.23 of the Listing Requirements. The limited assurance review was conducted in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) and the principles of Audit and Assurance Practice Guide 3 (AAPG 3). The ISAE 3000 (Revised) and principles of AAPG 3 do not require the external auditor to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the limited assurance procedures performed and evidence obtained, the external auditor has reported to the Board that nothing has come to their attention that causes them to believe that this statement, has not been prepared, in all material respects, in accordance with the disclosures required by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**SORMIC Guide 2025**"), nor is factually inaccurate.

Conclusion

The Board is of the view that the Group's internal control and risk management system, as implemented during the year under review and up to the date of approval of this Statement, are reasonably adequate and effective in safeguarding shareholders' investments and the Group's assets. The Board, however, recognises that these systems must continuously evolve to address the changing and challenging business environment. Accordingly, the Board will implement appropriate action plans, as necessary, to further enhance the Group's internal control and risk framework.

This Statement was approved by the Board of Directors on 31 March 2026.

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 2025.

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.

Financial Statements

Directors' Report	58
Statements of Financial Position	64
Statements of Profit or Loss and Other Comprehensive Income	66
Consolidated Statement of Changes in Equity	68
Statement of Changes in Equity	70
Statements of Cash Flows	71
Notes to the Financial Statements	74
Statement By Directors Pursuant to Section 251 (2) of the Companies Act, 2016	136
Statutory Declaration Pursuant to Section 251 (1)(b) of the Companies Act, 2016	137
Independent Auditors' Report to the Members of Favelle Favco Berhad	138

Directors' Report for the financial year ended 31 December 2025

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 2025.

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 to the financial statements respectively. 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	48,906	31,760
Non-controlling interests	12,192	-
Profit after taxation for the financial year	61,098	31,760

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid a first and final ordinary tax exempt dividend of 9.00 sen per ordinary share totaling RM21,224,139 in respect of the financial year ended 31 December 2024 on 15 August 2025.

The first and final ordinary tax exempt dividend recommended by the Directors in respect of the financial year ended 31 December 2025 is 9.00 sen per ordinary share totaling RM21,225,579 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
Anuar bin Abd Rahman
Dato' Sharimahton binti Mat Saleh (Appointed on 26 August 2025)
Sobri bin Abu (Retired on 26 June 2025)

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 2025 (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 1.1.2025	Bought	Sold	At 31.12.2025
Interests in the Company				
Mac Chung Hui	4,104,000	-	-	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	2,666,600	218,000	(88,400)	2,796,200

	Number of Ordinary Shares			
	At 1.1.2025	Bought	Sold	At 31.12.2025
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 1.1.2025	Bought	Sold	At 31.12.2025
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	1,500,000	-	11,712,308
- Indirect	975,000	-	-	975,000
Mazlan bin Abdul Hamid	500,000	-	-	500,000

Directors' Report for the financial year ended 31 December 2025 (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 1.1.2025	Granted	Exercised	At 31.12.2025
The Company				
Mac Chung Hui	1,488,000	-	-	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	1,233,000	-	(218,000)	1,015,000

	Number of options over ordinary shares			
	At 1.1.2025	Granted	Exercised	At 31.12.2025
Holding company				
- Muhibbah Engineering (M) Bhd				
Mac Ngan Boon @ Mac Yin Boon	7,000,000	-	-	7,000,000
Lee Poh Kwee	5,000,000	-	(1,500,000)	3,500,000

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 2025 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 32 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 2025 (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	281	192
- Salaries and bonuses	1,548	1,548
- Defined contribution benefits	196	189
- Other benefits	53	53
Total short-term employee benefits	2,078	1,982
Non Executive Directors		
- Fees	147	137
- Defined contribution benefits	12	11
- Other benefits	30	30
Total short-term employee benefits	189	178
	2,267	2,160

Holding Company

The holding company 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 RM198,323,000 to RM199,508,000 by way of an issuance of 608,000 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 RM881,000; 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 Extraordinary General Meeting held on 22 June 2022. The main features of the SIS, details of share options offered and exercised during the financial year are disclosed in Note 28 to the financial statements. The SIS expires on 26 July 2027.

Directors' Report for the financial year ended 31 December 2025 (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 there are no known bad debts 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 2025 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 2025 (Cont'd)

Indemnity and insurance cost

No indemnities were given to, nor insurance effected for, the directors, officers or auditors of the Group and of the Company.

Significant events occurring after the reporting period

The significant events occurring after the reporting period are disclosed in Note 34 to the financial statements.

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	295	73
Non-audit fees	20	20
	315	93

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

.....
Mac Chung Hui

Klang, Selangor Darul Ehsan

Date: 13 April 2026

.....
Lee Poh Kwee

Statements of Financial Position as at 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Property, plant and equipment	3	525,221	518,207	45	84
Intangible assets	4	-	-	-	-
Goodwill	5	75,283	75,283	-	-
Investment property	6	-	-	48,925	49,107
Investments in subsidiaries	7	-	-	179,497	179,497
Investments in associates	8	8,519	5,846	6,381	6,381
Deferred tax assets	10	22,548	30,132	-	4,274
Receivables, deposits and prepayments	9	-	1,440	-	6,204
Long-term funds	11	2,898	2,952	-	-
Total non-current assets		634,469	633,860	234,848	245,547
Receivables, deposits and prepayments	9	276,901	278,457	47,355	34,416
Contract assets	12	140,560	157,100	-	-
Inventories	13	194,374	208,734	-	-
Current tax assets		4,702	2,447	-	-
Derivative assets	21	3,800	-	-	-
Deposits, cash and bank balances	14	218,313	161,173	13,778	3,362
Total current assets		838,650	807,911	61,133	37,778
Total assets		1,473,119	1,441,771	295,981	283,325

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

Statements of Financial Position as at 31 December 2025 (Cont'd)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Equity					
Share capital	15	199,508	198,323	199,508	198,323
Reserves	16	125,853	125,192	2,684	1,776
Retained earnings		486,701	459,011	93,587	83,051
Total equity attributable to owners of the Company		812,062	782,526	295,779	283,150
Non-controlling interests		30,261	28,166	-	-
Total equity		842,323	810,692	295,779	283,150
Liabilities					
Deferred tax liabilities	10	64,140	64,589	-	-
Loans and borrowings	17	5,246	5,861	-	-
Hire purchase and lease liabilities	18	4,489	15,422	-	-
Payables and accruals	19	2,871	3,175	-	-
Total non-current liabilities		76,746	89,047	-	-
Contract liabilities	12	143,111	150,015	-	-
Derivative liabilities	21	-	1,143	-	-
Loans and borrowings	17	117,051	83,101	-	-
Hire purchase and lease liabilities	18	10,786	7,816	-	-
Payables and accruals	19	252,207	262,199	120	135
Provision for warranties	20	28,117	32,493	-	-
Current tax liabilities		2,778	5,265	82	40
Total current liabilities		554,050	542,032	202	175
Total liabilities		630,796	631,079	202	175
Total equity and liabilities		1,473,119	1,441,771	295,981	283,325

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 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	22	787,147	901,124	45,527	28,522
Cost of sales		(587,669)	(687,474)	-	-
Gross profit		199,478	213,650	45,527	28,522
Other income		3,237	4,013	349	33
Distribution costs		(19,950)	(19,119)	-	-
Administrative expenses		(108,053)	(108,501)	(8,072)	(5,919)
Results from operating activities		74,712	90,043	37,804	22,636
Finance income		9,966	6,995	2,286	1,680
Finance costs		(4,774)	(5,405)	(1,619)	(1,348)
Net gain/(loss) on impairment of financial assets and contract assets	23	3,592	(2,800)	(2,267)	(6,616)
Operating profit		83,496	88,833	36,204	16,352
Share of profit in associates, net of tax		2,673	1,989	-	-
Profit before taxation	24	86,169	90,822	36,204	16,352
Income tax (expense)/credit	26	(25,071)	(24,092)	(4,444)	1,672
Profit after taxation for the financial year		61,098	66,730	31,760	18,024

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 2025 (Cont'd)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit after taxation for the financial year		61,098	66,730	31,760	18,024
Other comprehensive expenses for the financial year, net of tax					
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(43)	(18,880)	-	-
Other comprehensive expenses for the financial year, net of tax		(43)	(18,880)	-	-
Total comprehensive income for the financial year		61,055	47,850	31,760	18,024
Profit after taxation for the financial year attributable to:					
Owners of the Company		48,906	53,869	31,760	18,024
Non-controlling interests		12,192	12,861	-	-
Profit after taxation for the financial year		61,098	66,730	31,760	18,024
Total comprehensive income for the financial year attributable to:					
Owners of the Company		48,667	34,740	31,760	18,024
Non-controlling interests		12,388	13,110	-	-
Total comprehensive income for the financial year		61,055	47,850	31,760	18,024
Earnings per ordinary share (sen)					
- Basic	27	20.77	22.97		
- Diluted	27	20.66	22.72		

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 2025

Group	Attributable to owners of the Company									
	Non-distributable					Distributable				
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	
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 reserve	-	-	-	(45)	-	45	-	-	-	
Total comprehensive income for the financial year	-	-	(19,129)	(45)	-	53,914	34,740	13,110	47,850	
Contribution by and distribution to owners:										
- Issue of ordinary shares	2,346	-	-	-	-	-	2,346	-	2,346	
- Share-based payment	-	-	-	-	1,818	-	1,818	-	1,818	
- Transfer of share capital for share options exercised	905	-	-	-	(905)	-	-	-	-	
- Dividend to shareholders	-	-	-	-	-	(21,168)	(21,168)	-	(21,168)	
- Dividend to non-controlling interests	-	-	-	-	-	-	-	(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.

Consolidated Statement of Changes in Equity
for the financial year ended 31 December 2025 (Cont'd)

Group	Attributable to owners of the Company									
	Non-distributable					Distributable				
	Share capital	Treasury shares	Translation reserve	Revaluation reserve	Share option reserve	Retained earnings	Total	Non-controlling interests	Total equity	
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2025	198,323	(3,006)	745	122,671	4,782	459,011	782,526	28,166	810,692	
Profit after taxation for the financial year	-	-	-	-	-	48,906	48,906	12,192	61,098	
Other comprehensive income for the financial year:										
- Foreign currency translation differences for foreign operations	-	-	(239)	-	-	-	(239)	196	(43)	
- Crystallisation of revaluation reserve	-	-	-	(8)	-	8	-	-	-	
Total comprehensive income for the financial year	-	-	(239)	(8)	-	48,914	48,667	12,388	61,055	
Contribution by and distribution to owners:										
- Issue of ordinary shares	881	-	-	-	-	-	881	-	881	
- Share-based payment	-	-	-	-	1,212	-	1,212	-	1,212	
- Transfer of share capital for share options exercised	304	-	-	-	(304)	-	-	-	-	
- Dividend to shareholders	-	-	-	-	-	(21,224)	(21,224)	-	(21,224)	
- Dividend to non-controlling interests	-	-	-	-	-	-	-	(10,293)	(10,293)	
At 31 December 2025	199,508	(3,006)	506	122,663	5,690	486,701	812,062	30,261	842,323	

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 2025

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 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	28	-	-	1,818	-	1,818
- Transfer to share capital for share options exercised		905	-	(905)	-	-
- Dividend to shareholders	29	-	-	-	(21,168)	(21,168)
At 31 December 2024/ At 1 January 2025		198,323	(3,006)	4,782	83,051	283,150
Profit for the financial year/ Total comprehensive income for the financial year		-	-	-	31,760	31,760
Contribution by and distribution to owners of the Company:						
- Issue of ordinary shares		881	-	-	-	881
- Share-based payment	28	-	-	1,212	-	1,212
- Transfer to share capital for share options exercised		304	-	(304)	-	-
- Dividend to shareholders	29	-	-	-	(21,224)	(21,224)
At 31 December 2025		199,508	(3,006)	5,690	93,587	295,779
		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 2025

Note	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities				
Profit before tax	86,169	90,822	36,204	16,352
Adjustments for:				
Allowance for impairment losses on receivables and contract assets	23,848	15,581	2,267	6,616
Allowance for slow moving inventories	3,072	2,344	-	-
Bad debts written off	-	9	-	-
Capital gain on short-term funds	(75)	(406)	-	(33)
Depreciation expenses:				
- investment property	-	-	182	190
- property, plant and equipment	30,510	32,608	39	39
- right-of-use assets	6,443	6,502	-	-
Dividend income from subsidiaries	-	-	(43,874)	(26,705)
Finance costs	4,774	5,405	1,619	1,348
Finance income	(9,966)	(6,995)	(2,286)	(1,680)
Gain on disposal of property, plant and equipment	(73)	(1,488)	-	-
Gain on modification of lease	(12)	-	-	-
Inventories written down	90	340	-	-
Net unrealised loss on foreign exchange	9,494	9,269	2,276	1,944
Net fair value adjustment on derivative instruments	(4,943)	1,642	-	-
Property, plant and equipment written off	1,490	5	-	-
Provision for warranties	4,951	6,871	-	-
Provision for foreseeable losses	1,550	1,796	-	-
Reversal of impairment losses on receivables and contract assets	(27,440)	(12,781)	-	-
Reversal of provision for warranties	(8,545)	(5,387)	-	-
Reversal of provision for foreseeable losses	(1,446)	(2,900)	-	-
Reversal of inventories previously written down	(90)	-	-	-
Share-based payments	1,212	1,818	1,212	1,818
Share of profit in associates, net of tax	(2,673)	(1,989)	-	-
Operating profit/(loss) before changes in working capital	118,340	143,066	(2,361)	(111)
Inventories	11,293	18,418	-	-
Receivables, deposits and prepayments	17,465	(50,187)	32,988	21,355
Payables and accruals	(19,690)	(45,573)	(15)	(1,186)
Interest received	6,456	3,881	622	602
Interest paid	(4,380)	(3,976)	-	(12)
Warranties paid	(345)	(240)	-	-
Income tax (paid)/refunded	(23,106)	(26,294)	(128)	92
Net cash generated from operating activities	106,033	39,095	31,106	20,740

Statements of Cash Flows for the financial year ended 31 December 2025 (Cont'd)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows for investing activities					
Acquisition of property, plant and equipment	14.2	(40,909)	(32,293)	-	-
Acquisition of investment property		-	-	-	(33)
Capital gain on short-term funds		75	406	-	33
Decrease in long-term fund		54	5,201	-	-
Proceeds from disposal of property, plant and equipment		125	10,053	-	-
Net cash used in investing activities		(40,655)	(16,633)	-	-
Cash flows for financing activities					
Dividend paid to shareholders of the Company	29	(21,224)	(21,168)	(21,224)	(21,168)
Dividend paid to non-controlling interest		(7,803)	(7,826)	-	-
Net drawdown of loans and borrowings		26,605	7,759	-	-
Proceeds from issuance of new shares	15	881	2,346	881	2,346
Net cash used in financing activities		(1,541)	(18,889)	(20,343)	(18,822)
Exchange differences on translation of the financial statements of foreign operations					
		(3,379)	(11,534)	-	-
Net increase/(decrease) in cash and cash equivalents		60,458	(7,961)	10,763	1,918
Effect of exchange rate fluctuations on cash held		(819)	(735)	(347)	(1,943)
Cash and cash equivalents at beginning of the financial year		156,165	164,861	3,362	3,387
Cash and cash equivalents at end of the financial year	(i)	215,804	156,165	13,778	3,362

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 2025 (Cont'd)

(i) Cash and cash equivalents

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

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deposits placed with licensed banks	14	69,901	70,123	11,585	-
Short-term funds	14	48,772	27,976	562	892
Cash and bank balances	14	99,640	63,074	1,631	2,470
Deposits, cash and bank balances		218,313	161,173	13,778	3,362
Less:					
Bank overdraft	17	(2,509)	(5,008)	-	-
Cash and cash equivalents		215,804	156,165	13,778	3,362

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 2025 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 2025 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 to the financial statements respectively. There have been no significant changes in nature of these activities during the financial year.

The holding company 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 13 April 2026.

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"), IFRS Accounting 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 121: Lack of Exchangeability

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

The Group and the Company have not applied in advance the following accounting standards and/or 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 9 and MFRS 7:	
Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7:	
Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to MFRS Accounting Standards - Volume 11	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 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	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/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of 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 of the Company and of the Group 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 judgement 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 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 of 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, plant and equipment, investment property, investment 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, plant 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 contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:-

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.

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 category 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 |

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciable amount is determined after deducting the residual value.

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 assets 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.

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

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

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

(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 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/ 1 January 2025	229,859	61,497	351,833	138,944	-	782,133	101,480	883,613
Additions	-	807	15,389	5,559	19,401	41,156	3,115	44,271
Disposals	-	-	(2,526)	(765)	-	(3,291)	-	(3,291)
Modification of lease liabilities	-	-	-	-	-	-	(6,510)	(6,510)
Transfer	-	-	-	(37)	-	(37)	-	(37)
Written off	-	-	(1,750)	(281)	-	(2,031)	-	(2,031)
Effect of movements in exchange rates	297	373	4,464	(1,145)	-	3,989	1,068	5,057
At 31 December 2025	230,156	62,677	367,410	142,275	19,401	821,919	99,153	921,072
Representing items at:								
Cost	64,938	62,677	367,410	142,275	19,401	656,701	99,153	755,854
Valuation - 2008	12,291	-	-	-	-	12,291	-	12,291
Valuation - 2012	3,700	-	-	-	-	3,700	-	3,700
Valuation - 2017	6,844	-	-	-	-	6,844	-	6,844
Valuation - 2022	142,383	-	-	-	-	142,383	-	142,383
	230,156	62,677	367,410	142,275	19,401	821,919	99,153	921,072

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 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/ 1 January 2025	-	29,543	173,849	115,578	-	318,970	46,436	365,406
Depreciation for the year	-	955	23,274	6,281	-	30,510	6,443	36,953
Disposals	-	-	(2,482)	(757)	-	(3,239)	-	(3,239)
Modification of lease liabilities	-	-	-	-	-	-	(4,123)	(4,123)
Transfer	-	-	-	(32)	-	(32)	-	(32)
Written off	-	-	(279)	(262)	-	(541)	-	(541)
Effect of movements in exchange rates	-	311	1,937	(1,055)	-	1,193	234	1,427
At 31 December 2025	-	30,809	196,299	119,753	-	346,861	48,990	395,851
Carrying amounts								
At 1 January 2024	231,069	33,226	196,437	19,524	697	480,953	62,766	543,719
At 31 December 2024/ 1 January 2025	229,859	31,954	177,984	23,366	-	463,163	55,044	518,207
At 31 December 2025	230,156	31,868	171,111	22,522	19,401	475,058	50,163	525,221

Notes to the financial statements (Cont'd)

3. Property, plant and equipment (continued)

Company	Equipment RM'000
Cost/Valuation	
At 1 January 2024/31 December 2024/1 January 2025/31 December 2025	417
Accumulated depreciation	
At 1 January 2024	294
Depreciation for the year	39
At 31 December 2024/1 January 2025	333
Depreciation for the year	39
At 31 December 2025	372
Carrying amounts	
At 31 December 2024	84
At 31 December 2025	45

3.1 Security

The freehold land and buildings of certain subsidiaries with net book value of RM33,278,000 (2024 - RM33,000,000) 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 2022, 2017, 2012 and 2008. The surpluses arising from the revaluations have been credited to other comprehensive income and accumulated in equity under the revaluation reserve. Had the freehold land been carried under the cost model, their carrying amounts would have been RM66,043,000 (2024 - RM65,746,000).

Notes to the financial statements (Cont'd)

3. Property, plant and equipment (continued)

Land

Included in the carrying amounts of land are:-

	Group	
	2025 RM'000	2024 RM'000
Freehold land	230,156	229,859
Long term leasehold land*	210	214
	230,366	230,073

* 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
2025			
At 1 January 2025	9,942	45,102	55,044
Additions	2,382	733	3,115
Depreciation for the year	(3,033)	(3,410)	(6,443)
Modification of lease liabilities	(2,387)	-	(2,387)
Effect of movements in exchange rates	(212)	1,046	834
At 31 December 2025	6,692	43,471	50,163
2024			
At 1 January 2024	9,621	53,145	62,766
Additions	3,038	-	3,038
Depreciation for the year	(2,653)	(3,849)	(6,502)
Effect of movements in exchange rates	(64)	(4,194)	(4,258)
At 31 December 2024	9,942	45,102	55,044

Notes to the financial statements (Cont'd)

4. Intangible assets

Group	Development costs RM'000
Cost	
At 1 January 2024	713
Effect of movement in exchange rates	(59)
At 31 December 2024/1 January 2025	654
Effect of movement in exchange rates	15
At 31 December 2025	669
Amortisation and impairment loss	
At 1 January 2024	414
Accumulated amortisation	299
At 1 January 2024	713
Effect of movements in exchange rates	(59)
At 31 December 2024/1 January 2025	355
Accumulated amortisation	299
At 31 December 2024/1 January 2025	654
Effect of movements in exchange rates	15
At 31 December 2025	370
Accumulated amortisation	299
At 31 December 2025	669
Carrying amounts	
At 31 December 2024	-
At 31 December 2025	-

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.

5. Goodwill

	Group	
	2025 RM'000	2024 RM'000
Carrying amounts		
At 1 January/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:-

Notes to the financial statements (Cont'd)

5. Goodwill (continued)

Group	Average Gross Margin		Average Growth Rate		Discount Rate		Terminal Growth Rate	
	2025	2024	2025	2024	2025	2024	2025	2024
	%	%	%	%	%	%	%	%
Intelligent automation group	33 - 34	29 - 30	5	5 - 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 amount of the goodwill to be materially higher than its recoverable amount.

6. Investment property

	Company	
	2025 RM'000	2024 RM'000
Cost		
At 1 January	53,852	53,819
Addition	-	33
At 31 December	53,852	53,852
Accumulated depreciation		
At 1 January	4,745	4,555
Depreciation for the year	182	190
At 31 December	4,927	4,745
Carrying amounts		
At 31 December	48,925	49,107
	2025 RM'000	2024 RM'000
Represented by:		
Freehold land	44,255	44,255
Building	4,670	4,852
At 31 December	48,925	49,107

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

Notes to the financial statements (Cont'd)

7. Investments in subsidiaries

	Company	
	2025 RM'000	2024 RM'000
Unquoted shares - at cost	242,891	242,891
Less: Impairment loss	(63,394)	(63,394)
	<u>179,497</u>	<u>179,497</u>

	Company	
	2025 RM'000	2024 RM'000
Allowance for impairment losses:-		
At 1 January/31 December	<u>63,394</u>	<u>63,394</u>

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	
			2025 %	2024 %
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

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:-
 (continued)

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2025 %	2024 %
Favelle Favco Winches Pte. Ltd. #	Design, fabrication, trading, service and rental of winches, hydraulic system and material handling equipment	Singapore	100	100
Favelle Favco Solutions Co. #	Supply of spare parts for cranes, provision of crane maintenance services and renting of cranes	Kingdom of Saudi Arabia	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
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.

Notes to the financial statements (Cont'd)

7. Investments in subsidiaries (continued)

The summarised financial information (before intra-group elimination) for Exact Group that has non-controlling interests that are material to the Group is as follows:-

	Exact Group	
	2025 RM'000	2024 RM'000
<u>At 31 December</u>		
Non-current assets	25,033	26,501
Current assets	194,085	189,399
Non-current liabilities	(5,356)	(5,998)
Current liabilities	(108,961)	(106,960)
Net assets	104,801	102,942
<u>Financial Year Ended 31 December</u>		
Revenue	235,834	237,598
Profit for the financial year	34,173	39,277
Total comprehensive income	34,173	39,277
Total comprehensive income attributable to non-controlling interests	10,252	11,783
Dividends paid to non-controlling interests	(9,694)	(6,998)
Net cash flows from operating activities	62,405	27,797
Net cash flows for investing activities	(1,638)	(4,306)
Net cash flows for financing activities	(33,813)	(23,995)

8. Investments in associates

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unquoted shares, at cost	19,424	19,424	19,424	19,424
Share of post-acquisition reserves	(9,798)	(12,471)	-	-
Less: Impairment loss	(1,107)	(1,107)	(13,043)	(13,043)
	8,519	5,846	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	
			2025 %	2024 %
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

Not audited by Crowe Malaysia PLT

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	
	2025 RM'000	2024 RM'000
Gross amount of the major associates		
Non-current assets	33,149	42,874
Current assets	49,180	37,686
Non-current liabilities	12,717	13,209
Current liabilities	67,289	63,825
Revenue	75,296	52,858
Profit/(Loss) for the year	47	(3,444)
Carrying amount in the consolidated financial statements	8,519	5,846

9. Receivables, deposits and prepayments

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current					
Non-trade					
Advance to subsidiaries	9.1	-	-	13,981	17,305
Less: Allowance for impairment loss		-	-	(13,981)	(12,541)
Advance to an associate	9.2	6,092	6,705	6,092	6,705
Less: Allowance for impairment loss		(6,092)	(5,265)	(6,092)	(5,265)
		-	1,440	-	6,204

Notes to the financial statements (Cont'd)

9. Receivables, deposits and prepayments (continued)

	Note	Group		Company		
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	
Current						
Trade						
Trade receivables	9.3	236,650	277,160	-	-	
Less: Allowance for impairment loss		(61,759)	(64,944)	-	-	
		174,891	212,216	-	-	
Amount due from holding company	9.4	2	76	-	-	
Amount due from related companies	9.5	13	1,019	-	-	
Less: Allowance for impairment loss		-	(90)	-	-	
Amount due from associates	9.6	68,525	57,213	-	-	
Less: Allowance for impairment loss		(11,943)	(13,912)	-	-	
		56,597	44,306	-	-	
Current Non-trade						
Amount due from subsidiaries	9.7	-	-	47,223	34,275	
Amount due from related companies	9.5	69	25	-	-	
Less: Allowance for impairment loss		(1)	-	-	-	
Amount due from associates	9.6	86	85	-	-	
Other receivables		10,506	7,512	52	56	
Less: Allowance for impairment loss		(183)	(252)	-	-	
		10,477	7,370	47,275	34,331	
Deposits		1,799	1,865	11	15	
Prepayments		33,137	12,700	69	70	
		34,936	14,565	80	85	
Current		276,901	278,457	47,355	34,416	
Non-current and current		276,901	279,897	47,355	40,620	
		Trade receivables RM'000	Amount due from related companies RM'000	Other receivables RM'000	Amount due from associates RM'000	Total RM'000
Group						
Allowance for impairment losses:-						
At 1 January 2025	64,944	90	252	19,177	84,463	
Addition during the financial year	22,685	-	65	961	23,711	
Reversal during the financial year	(25,451)	(89)	(134)	(1,573)	(27,247)	
Foreign exchange differences	(419)	-	-	(530)	(949)	
At 31 December 2025	61,759	1	183	18,035	79,978	

Notes to the financial statements (Cont'd)

9. Receivables, deposits and prepayments (continued)

	Trade receivables RM'000	Amount due from related companies RM'000	Other receivables RM'000	Amount due from associates 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	(459)	-	-	4,629	4,170
At 31 December 2024	64,944	90	252	19,177	84,463

	Amount due from an associate RM'000	Amount due from subsidiaries RM'000	Total RM'000
--	--	--	-----------------

Company

Allowance for impairment losses:-

At 1 January 2025	5,265	12,541	17,806
Addition during the financial year	827	1,440	2,267

At 31 December 2025

6,092	13,981	20,073
-------	--------	--------

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
-------	--------	--------

9.1 Advance to a subsidiary

The advance to a subsidiary is non-trade in nature, unsecured, subject to interest at 1% (2024 - 1%) 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% (2024 - 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	
		2025 RM'000	2024 RM'000
RM	AUD	459	69
RM	EUR	537	241
RM	RMB	2,355	9,264
RM	SGD	2,025	3,541
RM	USD	103,382	100,575

9.4 Amount due from holding company

The trade amount due from holding company is subject to the normal trade term of 30 (2024 - 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 (2024 - 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 (2024 - 30) days.

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

9.7 Amount due from subsidiaries

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

10. Deferred tax (assets) and liabilities**Recognised deferred tax (assets) and liabilities**

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

Group	Assets		Liabilities		Net	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Property, plant and equipment	-	-	73,136	70,583	73,136	70,583
Provisions	(27,425)	(36,896)	-	-	(27,425)	(36,896)
Other temporary differences	(8,289)	(10,493)	4,170	11,263	(4,119)	770
Tax (assets)/liabilities	(35,714)	(47,389)	77,306	81,846	41,592	34,457
Set off	13,166	17,257	(13,166)	(17,257)	-	-
Net deferred tax (assets)/ liabilities	(22,548)	(30,132)	64,140	64,589	41,592	34,457

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	2025 RM'000	2024 RM'000
Provisions	-	(4,274)
Deferred tax assets	-	(4,274)

Unrecognised deferred tax assets

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Property, plant and equipment	171	184	-	-
Provisions	(27,814)	(31,323)	-	-
Other temporary differences	(459)	(367)	-	-
Tax losses carry-forwards	(38,697)	(40,481)	-	-
	(66,799)	(71,987)	-	-

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
At 1 January 2024	74,284	(34,573)	(4,872)	34,839
Recognised in profit or loss (Note 26)	(2,783)	(2,323)	5,642	536
Foreign exchange differences	(918)	-	-	(918)
At 31 December 2024/ 1 January 2025	70,583	(36,896)	770	34,457
Recognised in profit or loss (Note 26)	2,125	9,471	(4,889)	6,707
Foreign exchange differences	428	-	-	428
At 31 December 2025	73,136	(27,425)	(4,119)	41,592

Company	Provisions RM'000	Total RM'000
At 1 January 2024	(2,686)	(2,686)
Recognised in profit or loss (Note 26)	(1,588)	(1,588)
At 31 December 2024/1 January 2025	(4,274)	(4,274)
Recognised in profit or loss (Note 26)	4,274	4,274
At 31 December 2025	-	-

Notes to the financial statements (Cont'd)

11. Long-term funds

Investments at fair value through profit or loss:-

	Group	
	2025	2024
	RM'000	RM'000
Non-current		
Unquoted bonds, at fair value	2,898	2,952

12. Contract assets/(liabilities)

	Group	
	2025	2024
	RM'000	RM'000
Contract assets		
Contract assets relating to contracts	141,838	158,445
Allowance for impairment losses	(1,278)	(1,345)
	140,560	157,100
Allowance for impairment losses:-		
At 1 January	1,345	1,312
Addition during the financial year	137	136
Reversal during the financial year	(193)	(55)
Foreign exchange differences	(11)	(48)
At 31 December	1,278	1,345
Contract liabilities	(143,111)	(150,015)

- (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 (2024 - 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	
	2025	2024
	RM'000	RM'000
At 1 January	7,085	(11,351)
Revenue recognised in profit or loss during the financial year	485,966	525,759
Progress billings	(494,316)	(504,235)
Impairment loss on contract assets	(137)	(136)
Provision for foreseeable losses	(1,550)	(1,796)
Reversal of provision for foreseeable losses	1,446	2,900
Reversal of impairment loss on contract assets	193	55
Exchange difference	(1,238)	(4,111)
At 31 December	(2,551)	7,085
Represented by:		
Contract assets	140,560	157,100
Contract liabilities	(143,111)	(150,015)
	(2,551)	7,085

Notes to the financial statements (Cont'd)

13. Inventories

	Group	
	2025 RM'000	2024 RM'000
At cost:		
Crane components	103,091	107,688
Work-in-progress	59,108	63,909
	162,199	171,597
At net realisable value:		
Cranes	19,914	22,426
Crane components	12,261	12,962
Work-in-progress	-	1,749
	194,374	208,734
Recognised in profit or loss:-		
Inventories recognised as cost of sales	472,444	535,510
Amount written down to net realisable value	90	340
Allowance for slow moving inventories	3,072	2,344
Reversal of inventories previously written down	(90)	-

14. Cash flow information

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Short-term funds	48,772	27,976	562	892
Deposits placed with licensed banks	69,901	70,123	11,585	-
Cash and bank balances	99,640	63,074	1,631	2,470
	218,313	161,173	13,778	3,362

- (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 2.09% - 4.65% (2024 - 0.09% to 6.65%) and 1.50% to 3.46% (2024 - 0.88% to 5.05%) per annum for the Group and the Company respectively.
- (b) The deposits placed with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 1.60% to 4.96% (2024 - 2.15% to 5.44%) and 3.15% to 3.60% (2024 - Nil) per annum respectively.

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		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cost of property, plant and equipment purchased (Note 3)	44,271	38,490	-	-
Cost of investment property purchased (Note 6)	-	-	-	33
Amount financed through hire purchase	(247)	(3,159)	-	-
New lease acquired	(3,115)	(3,038)	-	-
Cash disbursed for purchase of property, plant and equipment	40,909	32,293	-	33

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

Group	Unsecured insurance		Hire purchase RM'000	Lease liabilities RM'000	Term loans RM'000	Revolving credits RM'000	Total RM'000
	Banker's acceptances RM'000	premium finance RM'000					
2025							
At 1 January	51,588	-	18,088	5,150	7,366	25,000	107,192
<u>Changes in Financing</u>							
<u>Cash Flows</u>							
Proceeds from drawdown	118,865	3,612	-	-	10,854	31,000	164,331
Repayment of borrowing principal	(106,319)	(3,612)	(5,634)	(3,574)	(5,587)	(13,000)	(137,726)
Interest paid	(2,295)	(25)	(172)	(193)	(482)	(1,116)	(4,283)
	10,251	(25)	(5,806)	(3,767)	4,785	16,884	22,322
<u>Other Changes</u>							
Foreign exchange adjustments	-	-	339	(57)	21	-	303
Acquisition of new hire purchase and leases	-	-	247	3,115	-	-	3,362
Modification of lease	-	-	-	(2,399)	-	-	(2,399)
Interest expense	2,295	25	172	193	482	1,116	4,283
	2,295	25	758	852	503	1,116	5,549
At 31 December	64,134	-	13,040	2,235	12,654	43,000	135,063

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)

Group	Banker's acceptances RM'000	Unsecured insurance premium finance RM'000	Hire purchase RM'000	Lease liabilities RM'000	Term loans RM'000	Revolving credits RM'000	Total RM'000
2024							
At 1 January	31,679	-	23,895	4,616	16,339	20,000	96,529
<u>Changes in Financing</u>							
<u>Cash Flows</u>							
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
<u>Other Changes</u>							
Foreign exchange adjustments	-	-	(1,969)	(20)	(1,304)	-	(3,293)
Acquisition of new hire purchase and 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

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest paid on hire purchase and lease liabilities	365	662	-	-
Payment of hire purchase and lease liabilities	9,208	9,481	-	-
	9,573	10,143	-	-

Notes to the financial statements (Cont'd)

15. Share capital

	Group and Company		Amount	
	Number of shares 2025 '000	2024 '000	2025 RM'000	2024 RM'000
Issued and fully paid ordinary shares:				
At 1 January	236,573	234,955	198,323	195,072
Issue of ordinary shares	608	1,618	881	2,346
Transfer from share options	-	-	304	905
At 31 December	237,181	236,573	199,508	198,323

- (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, 608,000 (2024 - 1,618,000) 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 28.

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.

Of the total 237,180,763 (2024 - 236,572,763) issued and fully paid-up ordinary shares at the end of the reporting period, 1,345,000 (2024 - 1,345,000) ordinary shares are held as treasury shares by the Company. None (2024 - None) of the treasury shares was sold or cancelled during the financial year.

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 interest bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see Note 31.

	2025 RM'000	Group 2024 RM'000
Non-current		
Secured		
Term loans	5,246	5,861
	5,246	5,861
Current		
Secured		
Bank overdraft	2,509	5,008
Term loans	7,408	1,505
Unsecured		
Banker's acceptances	64,134	51,588
Revolving credits	43,000	25,000
	117,051	83,101
Non-current and current	122,297	88,962

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					
2025					
Bank overdraft	2026	2,509	2,509	-	-
Term loans	2037	12,654	7,408	2,638	2,608
Banker's acceptances	2026	64,134	64,134	-	-
Revolving credits	2026	43,000	43,000	-	-
		122,297	117,051	2,638	2,608
2024					
Bank overdraft	2025	5,008	5,008	-	-
Term loans	2037	7,366	1,505	2,665	3,196
Banker's acceptances	2025	51,588	51,588	-	-
Revolving credits	2025	25,000	25,000	-	-
		88,962	83,101	2,665	3,196

Term loans

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

Notes to the financial statements (Cont'd)

18. Hire purchase and lease liabilities

	Group	
	2025 RM'000	2024 RM'000
Non-current		
Hire purchase with financial institutions	4,386	12,714
Lease liabilities	103	2,708
	4,489	15,422
Current		
Hire purchase with financial institutions	8,654	5,374
Lease liabilities	2,132	2,442
	10,786	7,816
	15,275	23,238

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

	Group	
	2025 RM'000	2024 RM'000
Under 1 year	10,786	7,816
1 – 2 years	2,679	8,544
3 – 5 years	1,810	6,878
	15,275	23,238

19. Payables and accruals

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current					
Non-trade					
Provision for employee entitlement	19.1	2,871	3,175	-	-
Current					
Trade					
Trade payables	19.2	166,197	197,929	-	-
Amount due to holding company	19.3	111	462	-	-
Amount due to related companies	19.4	1,277	2,005	-	-
		167,585	200,396	-	-

Notes to the financial statements (Cont'd)

19. Payables and accruals (continued)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-trade					
Amount due to holding company	19.3	1,362	1,204	-	-
Amount due to related companies	19.4	46	70	-	-
Amount due to associates	19.5	1,629	960	-	-
Other payables		38,970	18,017	11	23
Accrued expenses		37,850	36,539	109	112
Provision for employee entitlement	19.1	4,765	5,013	-	-
		84,622	61,803	120	135
Current					
		252,207	262,199	120	135
Non-current and current					
		255,078	265,374	120	135

19.1 Provision for employee entitlement

A provision has been recognised for employee entitlement relating long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service being taken is based upon historical data.

19.2 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	
		2025 RM'000	2024 RM'000
RM	AUD	135	326
RM	EUR	8,791	7,769
RM	GBP	2,220	2,183
RM	RMB	2,528	2,568
RM	IDR	15	-
RM	SGD	525	388
RM	USD	7,518	14,384
RM	Korean Won	354	-

19.3 Amount due to holding company

The trade amount due to holding company is subject to the normal trade term of 30 (2024 - 30) days.

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

Notes to the financial statements (Cont'd)

19. Payables and accruals (continued)**19.4 Amount due to related companies**

The trade amount due to related companies is subject to the normal trade term of 30 (2024 - 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.

19.5 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.

20. Provision for warranties

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	32,493	34,583
Provision made during the year	4,951	6,871
Utilised during the year	(345)	(240)
Reversal during the year	(8,545)	(5,387)
Effect of movements in exchange rates	(437)	(3,334)
At 31 December	28,117	32,493

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
2025			
Group			
Forward foreign currency contracts	218,432	3,800	-
2024			
Group			
Forward foreign currency contracts	43,484	-	(1,143)

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

Notes to the financial statements (Cont'd)

22. Revenue

Revenue comprises the following:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contracts with customers	740,334	842,322	-	-
Revenue from other sources				
- rental income	46,813	58,802	1,653	1,817
- dividend income	-	-	43,874	26,705
	787,147	901,124	45,527	28,522

Breakdown of the Group's revenue:-

	Crane Group		Intelligent Automation Group	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Sale of spare parts for crane	107,185	98,589	-	-
Sale of industrial information technology equipment	-	-	243,255	258,398
Crane maintenance	29,416	26,214	-	-
Rental of crane	46,813	58,802	-	-
Sale of cranes	360,478	459,121	-	-
	543,892	642,726	243,255	258,398
<u>Geographical market</u>				
Inside Malaysia	258,258	285,223	235,552	255,672
Outside Malaysia	285,634	357,503	7,703	2,726
	543,892	642,726	243,255	258,398
<u>Timing of revenue recognition</u>				
- at a point of time	183,414	183,605	97,691	97,449
- over time	360,478	459,121	145,564	160,949
	543,892	642,726	243,255	258,398

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.	Invoiced 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.

Notes to the financial statements (Cont'd)

23. Net (gain)/loss on impairment of financial assets and contract assets

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Impairment losses during the financial year:				
- trade receivables	22,685	15,355	-	-
- other receivables	65	90	-	-
- amount due from associates	961	-	827	5,265
- contract assets	137	136	-	-
- amount due from subsidiaries	-	-	1,440	1,351
Reversal of impairment losses during the financial year:				
- trade receivables	(25,451)	(7,893)	-	-
- other receivables	(134)	(117)	-	-
- amount due from associates	(1,573)	(2,777)	-	-
- contract assets	(193)	(55)	-	-
- amount due from related companies	(89)	(1,939)	-	-
	(3,592)	2,800	2,267	6,616

24. Profit before taxation

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation is arrived at after crediting:					
Capital gain on short-term funds		75	406	-	33
Gain on disposal of property, plant and equipment		73	1,488	-	-
Gain on modification of lease		12	-	-	-
Net realised foreign exchange gain		-	43	-	3
Reversal of inventories previously written down	13	90	-	-	-
Reversal of provision for warranties	20	8,545	5,387	-	-
Reversal of provision for foreseeable losses	12	1,446	2,900	-	-
Interest income on financial assets measured at amortised cost:					
- fixed deposits		2,134	1,485	141	-
- advance to subsidiaries		-	-	202	233
- advance to an associate		63	69	63	69
- others		2,861	1,396	-	-
Interest income on financial assets measured at fair value through profit or loss:					
- short-term funds		1,398	931	216	300
Interest income arising on financial assets/(liabilities) measured under MFRS 9		3,510	3,114	1,664	1,078

Notes to the financial statements (Cont'd)

24. Operating profit (continued)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
and after charging:					
Allowance for slow moving inventories	13	3,072	2,344	-	-
Auditors' remuneration:					
Audit fees					
- holding company's auditors					
- current financial year		295	277	73	75
- under/(over)provision in prior year		18	(2)	(2)	(2)
- other auditors		728	735	-	-
Other services					
- holding company's auditors		20	20	20	20
Bad debts written off		-	9	-	-
Depreciation expenses:					
- investment property	6	-	-	182	190
- property, plant and equipment	3	30,510	32,608	39	39
- right-of-use assets	3	6,443	6,502	-	-
Interest expense on lease liabilities		193	153	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:					
- banker's acceptances		2,295	1,771	-	-
- bank overdraft		95	119	-	-
- hire purchase		172	509	-	-
- insurance premium finance		25	-	-	-
- revolving credits		1,116	992	-	-
- term loans		482	313	-	-
- other interest		2	119	-	12
Interest expenses arising on financial assets/(liabilities) measured under MFRS 9		394	1,429	1,619	1,336
Inventories written down	13	90	340	-	-
Net unrealised foreign exchange loss		9,494	9,269	2,276	1,944
Net realised foreign exchange loss		4,995	-	769	-
Net fair value adjustment on derivative instruments		(4,943)	1,642	-	-
Personnel expenses (including key management personnel):					
- contributions to Employees Provident Fund		15,782	14,883	200	204
- share-based payments	28	1,212	1,818	1,212	1,818
- wages, salaries and others		131,418	131,417	1,927	1,957
Property, plant and equipment written off		1,490	5	-	-
Provision for foreseeable losses	12	1,550	1,796	-	-
Provision for warranties	20	4,951	6,871	-	-
Rental expenses on:					
- cranes		28,302	38,373	-	-
- premises		3,862	4,613	45	44
- equipment		495	635	-	-

Notes to the financial statements (Cont'd)

25. Key management personnel compensation

The key management personnel compensations are as follows:-

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Directors				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	281	277	192	192
- salaries and bonuses	1,548	1,570	1,548	1,570
- defined contribution benefits	196	198	189	191
- other benefits	53	94	53	92
	2,078	2,139	1,982	2,045
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	147	151	137	144
- defined contribution benefits	12	13	11	12
- other benefits	30	31	30	31
	189	195	178	187
	2,267	2,334	2,160	2,232
Other Key Management Personnel				
Short-term employee benefits	6,117	6,065	1,271	1,258
Defined contribution benefits	507	492	152	151
Share-based payment	29	69	18	54
	6,653	6,626	1,441	1,463

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)

26. Income tax expense/(credit)

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysia				
- current	14,011	17,782	79	85
- under/(over)provision in the previous financial year	180	(397)	(13)	(60)
	14,191	17,385	66	25
Foreign				
- current	4,608	7,264	88	40
- (over)/underprovision in the previous financial year	(435)	(1,093)	16	(149)
	4,173	6,171	104	(109)
	18,364	23,556	170	(84)
Deferred tax expense (Note 10)				
Origination and reversal of temporary differences	3,782	(2,415)	-	(1,588)
Underprovision in the previous financial year	2,925	2,951	4,274	-
	6,707	536	4,274	(1,588)
Income tax expense/(credit)	25,071	24,092	4,444	(1,672)
Reconciliation of tax expense/(credit)				
Profit for the year	61,098	66,730	31,760	18,024
Total tax expense/(credit)	25,071	24,092	4,444	(1,672)
Profit excluding tax	86,169	90,822	36,204	16,352
Tax at Malaysian tax rate of 24% (2024 - 24%)	20,681	21,797	8,689	3,924
Effect of different tax rates in foreign jurisdictions	1,078	1,353	-	-
Non-deductible expenses	4,367	3,210	2,510	1,395
Non-taxable income	(1,930)	(4,104)	(463)	(331)
Tax exempt income	-	-	(10,569)	(6,451)
Share of results in associates	(642)	(477)	-	-
Utilisation of deferred tax assets previously not recognised	(1,245)	(91)	-	-
(Over)/Underprovision of current tax in the previous financial year	(255)	(1,490)	3	(209)
Underprovision of deferred taxation in the previous financial year	2,925	2,951	4,274	-
Others	92	943	-	-
Total income tax expense/(credit)	25,071	24,092	4,444	(1,672)

Domestic income tax is calculated at the Malaysia statutory tax rate 24% (2024 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the financial statements (Cont'd)

27. Earnings per ordinary share (sen)

Basic earnings per share

The calculation of basic earnings per share for the financial year ended 31 December 2025 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:-

	Group	
	2025 RM'000	2024 RM'000
Profit for the financial year attributable to owners of the Company	48,906	53,869

Weighted average number of ordinary shares

	Group	
	2025 '000	2024 '000
Number of ordinary shares in issue at 1 January	236,573	234,955
Effect of shares repurchased	(1,345)	(1,345)
Effect of ordinary shares issued under SIS	276	869
Total weighted average number of ordinary shares in issue (unit)	235,504	234,479
Basic earnings per share (sen)	20.77	22.97

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 2025 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	
	2025 RM'000	2024 RM'000
Profit attributable to owners of the Company	48,906	53,869

	Group	
	2025 '000	2024 '000
Weighted average number of ordinary shares	235,504	234,479
Effect of share options in issue	1,172	2,594
Adjusted weighted average number of ordinary shares (diluted) at 31 December	236,676	237,073

Notes to the financial statements (Cont'd)

27. 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	
	2025	2024
Diluted earnings per shares (sen)	20.66	22.72

28. Employee benefits**28.1 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)

28. Employee benefits (continued)

28.1 Share-based payments (continued)

The following options were granted under the Option scheme:-

Group and Company

SIS

Grant date	Exercise price	At 1.1.2025 '000	Granted '000	Exercised '000	Forfeited '000	At 31.12.2025 '000	Expiry date
21.9.2022	RM1.45	17,405	-	(608)	(458)	16,339	26.7.2027

SIS

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

Details relating to options exercised during the year

	Group and Company 2025 RM'000	Group and Company 2024 RM'000
Fair value of shares issued (based on average exercise price)	1.65	1.97

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 2025 RM'000	Group and Company 2024 RM'000
Expenses recognised as share-based payments	1,212	1,818

Notes to the financial statements (Cont'd)

28. Employee benefits (continued)**28.1 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	
	2025	2024
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)

29. Dividends

The dividends recognised by the Company is:-

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2025			
First and final 2024 ordinary	9.00	<u>21,224</u>	15 August 2025
2024			
First and final 2023 ordinary	9.00	<u>21,168</u>	22 August 2024

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 2026.

	Sen per share (tax exempt)	Total amount RM'000
Final ordinary	9.00	<u>21,226</u>

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 2025 of RM21,225,579 (2024 - RM21,170,499) on the issued and paid-up share capital (excluding treasury shares) of 235,839,763 (2024 - 235,227,763) ordinary shares as at the end of the reporting date.

30. 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)

30. 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Geographical segments								
Revenue from external customers	493,810	540,895	293,337	360,229	-	-	787,147	901,124
Inter-segment revenue	148,330	84,083	25,485	16,038	(173,815)	(100,121)	-	-
Total revenue	642,140	624,978	318,822	376,267	(173,815)	(100,121)	787,147	901,124
Operating profit	93,309	88,357	17,867	30,793	(32,872)	(31,907)	78,304	87,243
Finance income	19,929	20,249	3,980	2,278	(13,943)	(15,532)	9,966	6,995
Finance costs	(15,984)	(22,951)	(572)	(952)	11,782	18,498	(4,774)	(5,405)
Share of profit of associates	-	-	2,673	1,989	-	-	2,673	1,989
Profit before tax	97,254	85,655	23,948	34,108	(35,033)	(28,941)	86,169	90,822
Segment assets	1,084,378	1,060,054	524,409	523,780	(144,187)	(147,909)	1,464,600	1,435,925
Investments in associates	22	22	6,359	6,359	2,138	(535)	8,519	5,846
Total assets	1,084,400	1,060,076	530,768	530,139	(142,049)	(148,444)	1,473,119	1,441,771
Segment liabilities	409,218	401,913	341,128	343,580	(119,550)	(114,414)	630,796	631,079
Capital expenditure - Property, plant and equipment	16,353	30,076	26,223	6,526	(1,420)	(1,150)	41,156	35,452
Depreciation	15,931	16,954	14,579	15,654	-	-	30,510	32,608

Notes to the financial statements (Cont'd)

30. Operating segments (continued)

Business segments

	Cranes		Intelligent Automation Group		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical segments								
Inside Malaysia	404,264	368,217	237,876	256,761	(148,330)	(84,083)	493,810	540,895
Outside Malaysia	311,119	373,541	7,703	2,726	(25,485)	(16,038)	293,337	360,229
Total revenue	715,383	741,758	245,579	259,487	(173,815)	(100,121)	787,147	901,124
Operating profit	63,489	64,470	47,687	54,680	(32,872)	(31,907)	78,304	87,243
Finance income	22,299	21,757	1,610	770	(13,943)	(15,532)	9,966	6,995
Finance costs	(16,239)	(23,706)	(317)	(197)	11,782	18,498	(4,774)	(5,405)
Share of profit of associates	2,673	1,989	-	-	-	-	2,673	1,989
Profit before tax	72,222	64,510	48,980	55,253	(35,033)	(28,941)	86,169	90,822
Segment assets	1,380,442	1,352,578	228,345	231,256	(144,187)	(147,909)	1,464,600	1,435,925
Investments in associates	6,381	6,381	-	-	2,138	(535)	8,519	5,846
Total assets	1,386,823	1,358,959	228,345	231,256	(142,049)	(148,444)	1,473,119	1,441,771
Segment liabilities	632,890	624,306	117,456	121,187	(119,550)	(114,414)	630,796	631,079
Capital expenditure								
- Property, plant and equipment	40,932	32,085	1,644	4,517	(1,420)	(1,150)	41,156	35,452
Depreciation	28,767	31,226	1,743	1,382	-	-	30,510	32,608

31. Financial instruments

31.1 Categories of financial instruments

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Assets				
<u>Amortised cost</u>				
Receivables and deposits	243,764	267,197	47,286	40,550
Deposits placed with licensed banks	69,901	70,123	11,585	-
Cash and bank balances	99,640	63,074	1,631	2,470
	413,305	400,394	60,502	43,020
<u>Fair Value through Profit or Loss</u>				
Derivative assets	3,800	-	-	-
Short-term funds	48,772	27,976	562	892
Long-term funds	2,898	2,952	-	-
	55,470	30,928	562	892

Notes to the financial statements (Cont'd)

31. Financial instruments (continued)**31.1 Categories of financial instruments (continued)**

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Liabilities				
<u>Other Financial Liabilities</u>				
Loans and borrowings	122,297	88,962	-	-
Hire purchase	13,040	18,088	-	-
Payables and accruals	247,442	257,186	120	135
Derivative liabilities	-	1,143	-	-
	382,779	365,379	120	135

31.2 Gains or losses arising from financial instruments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Assets				
<u>Amortised cost</u>				
(Reversal of impairment)/Impairment loss on trade receivables	(2,766)	7,462	-	-
Reversal of impairment on other receivables	(69)	(27)	-	-
(Reversal of impairment)/Impairment loss on amount due from associates	(612)	(2,777)	827	5,265
Reversal of impairment on amount due from related companies	(89)	(1,939)	-	-
Impairment loss on amount due from subsidiaries	-	-	1,440	1,351
Interest income from deposits placed with licensed banks	(2,134)	(1,485)	(141)	-
Interest income from advance to subsidiaries	-	-	(202)	(233)
Interest income from advance to an associate	(63)	(69)	(63)	(69)
Interest income from others	(2,861)	(1,396)	-	-
Interest income arising on financial assets/ (liabilities) measured under MFRS 9	(3,510)	(3,114)	(1,664)	(1,078)
	(12,104)	(3,345)	197	5,236
<u>Fair Value Through Profit or Loss</u>				
Interest income from short-term funds	(1,398)	(931)	(216)	(300)
Financial Liabilities				
<u>Amortised cost</u>				
Interest expense on borrowings	4,380	3,976	-	12
Interest expense arising on financial assets/ (liabilities) measured under MFRS 9	394	1,429	1,619	1,336
	4,774	5,405	1,619	1,348

Notes to the financial statements (Cont'd)

31. Financial instruments (continued)

31.3 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	
	2025 RM'000	2024 RM'000
Asia	130,995	140,233
America	2,682	1,975
Australia	7,114	2,365
Europe	14,982	37,320
Middle East	19,118	30,323
	174,891	212,216

(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)

31. Financial instruments (continued)**31.3 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 Group 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
2025			
Not past due	102,810	(4,747)	98,063
Past due 0 - 90 days	40,064	(952)	39,112
Past due 91 - 180 days	30,150	(1,479)	28,671
Past due more than 180 days	49,655	(40,610)	9,045
Credit impaired	13,971	(13,971)	-
Trade receivables	236,650	(61,759)	174,891
Contract assets	141,838	(1,278)	140,560
	378,488	(63,037)	315,451

Notes to the financial statements (Cont'd)

31. Financial instruments (continued)

31.3 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
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	25,054	(5,673)	19,381
Past due more than 180 days	42,664	(37,330)	5,334
Credit impaired	20,277	(20,277)	-
Trade receivables	277,160	(64,944)	212,216
Contract assets	158,445	(1,345)	157,100
	435,605	(66,289)	369,316

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
2025			
Low credit risk	10,234	-	10,234
Significant increase in credit risk	272	(183)	89
	10,506	(183)	10,323
2024			
Low credit risk	6,148	-	6,148
Significant increase in credit risk	1,364	(252)	1,112
	7,512	(252)	7,260

Notes to the financial statements (Cont'd)

31. Financial instruments (continued)**31.3 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 and/or 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			
2025			
Significant increase in credit risk	61,204	(13,981)	47,223
2024			
Significant increase in credit risk	51,580	(12,541)	39,039
	Gross amount RM'000	Lifetime loss allowance RM'000	Carrying amount RM'000
Amount due from associates			
Group			
2025			
Significant increase in credit risk	74,703	(18,035)	56,668
2024			
Significant increase in credit risk	64,003	(19,177)	44,826

Notes to the financial statements (Cont'd)

31. Financial instruments (continued)

31.3 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			
2025			
Significant increase in credit risk	6,092	(6,092)	-
2024			
Significant increase in credit risk	6,705	(5,265)	1,440

Deposits placed with licensed banks, cash and bank balances

The Group and the Company consider the licensed banks to be of low credit risk. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and is therefore 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 RM138 million (2024 - RM85 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)

31. Financial instruments (continued)**31.3 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 of 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
2025				
<i>Secured borrowings</i>				
- Bank overdraft	4.15	2,509	-	-
- Banker's acceptances	3.48 - 4.73	64,134	-	-
- Hire purchase and lease liabilities	2.28 - 4.83	10,786	4,489	-
- Term loans	4.10 - 6.56	7,408	2,638	2,608
<i>Unsecured</i>				
- Revolving credits	3.94 - 4.63	43,000	-	-
- Payables and accruals	-	247,442	-	-
		375,279	7,127	2,608
2024				
<i>Secured borrowings</i>				
- Bank overdraft	2.50	5,008	-	-
- Banker's acceptances	3.78 - 5.35	51,588	-	-
- Hire purchase and lease liabilities	2.45 - 6.21	7,816	15,422	-
- Term loans	4.36 - 5.90	1,505	2,665	3,196
<i>Unsecured</i>				
- Revolving credits	4.72	25,000	-	-
- Payables and accruals	-	257,186	-	-
		348,103	18,087	3,196

Notes to the financial statements (Cont'd)

31. Financial instruments (continued)

31.3 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
2025			
<i>Unsecured</i>			
Payables and accruals	120	-	-
Financial guarantee	138,329	-	-
	138,449	-	-
2024			
<i>Unsecured</i>			
Payables and accruals	135	-	-
Financial guarantee	85,271	-	-
	85,406	-	-

(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	2025		2024	
	Effective interest rate %	Total RM'000	Effective interest rate %	Total RM'000
Financial assets				
Fixed rate instruments				
Deposits placed with				
licensed banks	1.60 - 4.96	69,901	2.15 - 5.44	70,123
Short-term funds	2.09 - 4.65	48,772	0.09 - 6.65	27,976
Long-term funds	4.04 - 4.47	2,898	2.45 - 4.06	2,952
		121,571		101,051

Notes to the financial statements (Cont'd)

31. Financial instruments (continued)

31.3 Financial risk management policies (continued)

(c) Market risk (continued)

Interest rate risk (continued)

Effective interest rates and repricing analysis (continued)

Group	2025		2024	
	Effective interest rate %	Total RM'000	Effective interest rate %	Total RM'000
Financial liabilities				
Fixed rate instruments				
Secured bank overdraft	4.15	2,509	2.50	5,008
Hire purchase payables	2.28 - 4.83	13,040	2.45 - 6.21	18,088
Secured term loan	-	-	5.90	907
Floating rate instrument				
Banker's acceptances	3.48 - 4.73	64,134	3.78 - 5.35	51,588
Revolving credits	3.94 - 4.63	43,000	4.72	25,000
Secured term loan	4.10 - 6.56	12,654	4.36 - 4.59	6,459
		135,337		107,050

Company	2025		2024	
	Effective interest rate %	Total RM'000	Effective interest rate %	Total RM'000
Financial assets				
Fixed rate instruments				
Deposits placed with a licensed bank	3.15 - 3.60	11,585	-	-
Short-term funds	1.50 - 3.46	562	0.88 - 5.05	892
		12,147		892

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 RM910,000 (2024 - RM631,000). A 100 bp decrease would have had an equal but opposite effect on the profit after taxation.

Notes to the financial statements (Cont'd)

31. Financial instruments (continued)

31.3 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
2025			
Financial assets	101,453	33,820	66,685
Financial liabilities	(24,228)	(23,849)	(18,019)
Net financial assets	77,225	9,971	48,666
Less: Net financial (assets)/liabilities denominated in the respective entities functional currencies	(2,361)	22,998	(48,217)
Less: Forward foreign currency contracts (contracted notional principal)	(211,992)	(132)	(6,308)
Net currency exposure	(137,128)	32,837	(5,859)
2024			
Financial assets	109,312	44,216	56,659
Financial liabilities	(15,519)	(17,010)	(28,036)
Net financial assets	93,793	27,206	28,623
Less: Net financial assets denominated in the respective entities functional currencies	(5,216)	-	(28,434)
Less: Forward foreign currency contracts (contracted notional principal)	(63,966)	-	(1,575)
Net currency exposure	24,611	27,206	(1,386)

Notes to the financial statements (Cont'd)

31. Financial instruments (continued)**31.3 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
2025			
- strengthened by 5%	(5,211)	1,248	(223)
- weakened by 5%	5,211	(1,248)	223
2024			
- strengthened by 5%	935	1,034	(53)
- weakened by 5%	(935)	(1,034)	53

31.4 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		
Group								
2025								
Financial assets								
Short-term funds	48,772	-	-	-	-	-	48,772	48,772
Forward currency contract	-	3,800	-	-	-	-	3,800	3,800
Long-term funds	-	2,898	-	-	-	-	2,898	2,898
	48,772	6,698	-	-	-	-	55,470	55,470
2024								
Financial assets								
Short-term funds	27,976	-	-	-	-	-	27,976	27,976
Long-term funds	-	2,952	-	-	-	-	2,952	2,952
	27,976	2,952	-	-	-	-	30,928	30,928
Financial liability								
Forward currency contract	-	1,143	-	-	-	-	1,143	1,143

Notes to the financial statements (Cont'd)

32. 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 as disclosed in Note 7, Note 8 and Note 25 respectively.

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Significant transactions with holding company:-				
Purchase of property, plant and equipment	-	10	-	-
Rental expense payable	1,647	2,502	-	-
Sale of goods and services	(505)	(3,439)	-	-
Subcontract cost payable	92	9	-	-
Share services expenses	2,000	2,000	-	-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Significant transactions with subsidiaries:-				
Dividend income receivable	-	-	(43,874)	(26,705)
Interest income receivable	-	-	(202)	(233)
Rental income receivable	-	-	(1,653)	(1,817)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Significant transactions with related companies:-				
Rental income receivable	-	(587)	-	-
Rental expense payable	1,197	419	45	44
Sale of goods and services	(2,634)	(9,053)	-	-
Subcontract cost payable	5,802	3,617	-	-

Notes to the financial statements (Cont'd)

32. 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Significant transactions with associates:-				
Interest income receivable	(63)	(69)	(63)	(69)
Sale of goods and services	(22,265)	(31,584)	-	-
Purchase of goods and services	599	411	-	-

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.

33. Capital commitments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unconditional Construction of investment properties	111,710	11,940	111,710	11,940

34. Significant events occurring after the reporting period

On 12 January 2026, the Company entered into a conditional Share Purchase Agreement ("SPA") with Marec Industrie SAS ("Marec") for the acquisition of 100% equity interest in Seram Industries SAS ("Seram") for a purchase consideration of up to EUR10.0 million, comprising an initial purchase price of EUR7.5 million and conditional deferred consideration of up to EUR2.5 million.

On 31 January 2026, the parties entered into an amended SPA to revise certain terms, including the extension of the closing date, payment and escrow arrangements, and the classification of the bank guarantees as a condition subsequent.

On 9 February 2026, the parties completed the transfer of the equity interests in Seram. The bank guarantees, which were classified as a condition subsequent, were subsequently obtained on 9 April 2026 within the stipulated timeframe.

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 64 to 135 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 of 31 December 2025 and of their financial performance and cash flows for the financial year ended on that date.

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: 13 April 2026

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 64 to 135 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 13 April 2026.

.....
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 of the Group and of the Company as at 31 December 2025, 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 64 to 135.

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 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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"), as applicable to audits of financial statements of public interest entities 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 significance 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.	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • 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
<p>In estimating the revenue to be recognised, the management considers past experience and work done certified by customers and/or independent third parties, where applicable.</p> <p>In estimating the total budgeted contract costs to completion, the management considers the completeness and accuracy of its costs estimation, including its obligations to contract variations and claims. The total costs to completion are subject to a number of variables including the accuracy of designs, market conditions in respect of materials and sub-contractor cost and construction issues.</p> <p>An error in the estimated profit on contracts could result in a material variance in the amount of profit or loss recognised to date and therefore also in the current period. The profit recognition on contract includes key judgements over the expected recovery of costs arising from variations and claims and assessment on liquidated and ascertained damages costs, where applicable. In addition, changes in judgements, and the related estimates, as contracts progress, can result in material adjustments to margin, which can be both positive and negative.</p> <p>The potential outcome for contracts can have an individually and collectively material impact on the financial statements, whether through error or management bias.</p> <p>We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs to completion, calculation of percentage of completion and the determination of revenue and profit to be recognised.</p>	<p>Our audit procedures included, amongst others: (continued)</p> <ul style="list-style-type: none"> • 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 and contract assets Refer to Note 9 and Note 12 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Trade receivables and contract assets are a major component of the financial position of the Group.</p> <p>The Group assessed at each reporting date whether the trade receivables and contract assets carried at amortised cost are credit-impaired. The Group have applied simplified method to determine the allowance for impairment of trade receivables and contract assets. The expected credit loss model involves the use of various assumptions, economic factors and historical credit behaviour of trade receivables.</p> <p>We identified the expected credit loss on trade receivables and contract assets as a key audit matter due to estimation and judgements significantly used by management in the calculation of expected credit loss, risk of default and the inherent uncertainties during the estimation process.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • 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 and contract assets; • 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
<p>Inventories are a major component of the financial position of the Group.</p> <p>The Group assessed at each reporting date whether the inventories are carried at the lower of costs and net realisable value. There are significant degrees of management's assumptions and estimates used for determining the net realisable value, including the stage of completion, expected costs to complete, and expected selling price.</p> <p>Possible changes in judgements and related estimates of the net realisable value may result in material adjustments to the inventories' carrying amounts.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • 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)

Impairment of goodwill Refer to Note 5 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Goodwill impairment testing of cash-generating unit ("CGU") relies on estimates of value in use based on estimated future cash flows. The Group is required to test goodwill for impairment annually.</p> <p>The Group has goodwill of RM75.283 million relating to Intelligent Automation CGU as at 31 December 2025.</p> <p>We focused on this area due to the significance of the goodwill recognised in the financial statements of the Group and the inherent subjectivity associated with the assumptions used in estimating the value in use of the CGU.</p> <p>The judgements in relation to goodwill impairment relate primarily to the assumptions underlying the calculation of the value in use of the business, being the achievability of the long-term business plans.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • 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 CGU; and • Reviewing the adequacy of disclosure of goodwill in the financial statements.

There are no key audit matters to report for the Company.

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 the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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

Kuala Lumpur

13 April 2026

Chong Wei-Chnoong
03525/08/2026 J
Chartered Accountant

Group Properties as at 31 December 2025

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	27 years	1,600
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.	20 years	41,939
3.	7AL, Nordkranvej, 2 3540, Lyngø DK Denmark.	Factory building with office block	2022#	Freehold	59,525 sq.m.	55 years	16,939
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.	11 years	2,512
5.	28, Yarrunga Street, Preston, NSW 2170, Australia.	Office building and factory	2022#	Freehold	11.6 acres	55 years	186,807
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.	9 years 9 years 9 years	4,917 5,847 5,575
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.	27 years	405
Total properties							266,541

Note:

Year of Valuation

Analysis of Shareholdings

 as at 31 March 2026

Share Capital

Total number of issued shares	:	237,184,763
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	291	6.230	2,055	0.001
100 to 1,000	1,300	27.831	855,216	0.362
1,001 to 10,000	2,277	48.747	9,919,773	4.206
10,001 to 100,000	709	15.179	20,633,050	8.749
100,001 to 11,791,987 ^{*2}	92	1.970	65,164,326	27.631
11,791,988 ^{*3} and above	2	0.043	139,265,343	59.051
TOTAL	4,671	100.000	235,839,763	100.000

Notes:

- * 1. Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 31 March 2026.
2. Less than 5% of the 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⁾	1.740	-	-
2. Mac Ngan Boon @ Mac Yin Boon	10,842,913 ⁽²⁾	4.598	152,347,843 ⁽³⁾	64.598
3. Lee Poh Kwee	2,915,000 ⁽⁴⁾	1.236	-	-
4. Mazlan bin Abdul Hamid	2,796,200 ⁽⁵⁾	1.186	-	-

Notes:

- Certain shares held through Maybank Securities Nominees (Tempatan) Sdn Bhd.
- Shares held through RHB Capital Nominees (Tempatan) Sdn Bhd, HLB Nominees (Tempatan) Sdn Bhd. and Affin Hwang Nominees (Tempatan) Sdn Bhd.
- Deemed interested 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.
- Shares held through HLB Nominees (Tempatan) Sdn Bhd and RHB Capital Nominees (Tempatan) Sdn Bhd.
- Certain shares held through Maybank Nominees (Tempatan) Sdn Bhd.
- Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 31 March 2026.

Analysis of Shareholdings as at 31 March 2026 (Cont'd)

Shares in related corporation

The interests of the Company's Directors in related companies are as set out in the Directors' Report for the financial year ended 31 December 2025 in this Annual Report.

Shares Options in the Company

The employees' share options held by the Directors in the Company are as set out in the Directors' Report for the financial year ended 31 December 2025 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	63.861	-	-
2. Mac Ngan Boon @ Mac Yin Boon	10,842,913 ⁽¹⁾	4.598	150,609,043 ⁽²⁾	63.861

Notes:

- Shares held through RHB Capital Nominees (Tempatan) Sdn Bhd, HLB Nominees (Tempatan) Sdn Bhd and Affin Hwang Nominees (Tempatan) Sdn Bhd.
- Deemed interested pursuant to Section 8 of the Company Act 2016 by virtue of his substantial interests in Muhibbah Engineering (M) Bhd.
- Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 31 March 2026.

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	41.554
2	Muhibbah Engineering (M) Bhd	41,265,343	17.497
3	Muhibbah Engineering (M) Bhd	11,343,700	4.810
4	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mac Ngan Boon @ Mac Yin Boon	5,264,000	2.232
5	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mac Ngan Boon @ Mac Yin Boon	4,100,000	1.738
6	Mac Chung Hui	4,004,000	1.698
7	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mazlan Bin Abdul Hamid	2,730,200	1.158
8	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Poh Kwee	2,635,000	1.117
9	Teo Chang Hock	2,624,700	1.113
10	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	2,118,676	0.898
11	Neoh Choo Ee & Company, Sdn. Berhad	2,073,500	0.879

Analysis of Shareholdings as at 31 March 2026 (Cont'd)

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

No.	Name of Shareholders	No. of Shares held	% of issued capital*
12	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mac Ngan Boon @ Mac Yin Boon	1,360,913	0.577
13	Liew Yoon Yee	1,113,000	0.472
14	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	1,089,261	0.462
15	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Noriyati Binti Hassan	1,066,323	0.452
16	Noriyati Binti Hassan	963,000	0.408
17	OREC Engineering Holdings Pty Ltd	900,000	0.382
18	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An for DBS Bank Ltd (SFS)	870,600	0.369
19	Harmony Effective Sdn Bhd	800,000	0.339
20	Teoh Yong Churn	718,600	0.305
21	Tew Siew Chong	704,000	0.299
22	Maybank Securities Nominees (Tempatan) Sdn Bhd Chew Keng Siew	700,000	0.297
23	Ooi Theng Khee	678,600	0.288
24	Ooi Theng Lin	678,300	0.288
25	Harmony Effective Sdn Bhd	653,600	0.277
26	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management for Mac Chung Jin	600,000	0.254
27	LTK (Melaka) Sdn Bhd	589,700	0.250
28	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Little Rain Assets Limited	580,000	0.246
29	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hung Yew Loong (E-JBU)	500,000	0.212
30	Dynaquest Sdn. Bhd.	485,000	0.206
		191,210,016	81.077

Note:

* Excluding a total of 1,345,000 shares purchased by the Company and retained as treasury shares as at 31 March 2026.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth 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, 11 June 2026 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 2025 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 2025. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire by rotation pursuant to Article 85 of the Constitution of the Company:
 - (i) Dato’ Sri Khazali bin Haji Ahmad; and
 - (ii) Encik Anuar bin Abd Rahman. **Ordinary Resolution 2**
Ordinary Resolution 3
(Explanatory Note 2)
4. To re-elect Dato’ Sharimahton binti Mat Saleh who retires pursuant to Article 91 of the Constitution of the Company. **Ordinary Resolution 4**
(Explanatory Note 2)
5. To approve the payment of Directors’ fees and benefits payable up to an amount of RM1,000,000.00, from 12 June 2026 until the next AGM of the Company. **Ordinary Resolution 5**
(Explanatory Note 3)
6. 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 6**

As Special Business

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

7. **Proposed Renewal of Authority for Share Buy-Back** **Ordinary Resolution 7**
(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.”

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

Ordinary Resolution 8
(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 2026 provided that such transactions are undertaken in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interests of the minority shareholders of the Company (“**Proposed Shareholders' Mandate**”).

THAT the Proposed Shareholders' Mandate conferred by this resolution shall continue to be in force until:-

- a) the conclusion of the next AGM of the Company at which time it will lapse, unless by ordinary resolution passed at the next AGM, the Proposed Shareholders' Mandate is renewed; or
- b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by an ordinary resolution passed by the Company's shareholders in a general meeting,

whichever is the earliest.

Notice of Annual General Meeting (Cont'd)

AND THAT the Directors of the Company be and are hereby authorised to take all steps and to do all such acts and deeds as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

9. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TEW SIEW CHONG (SSM PC No. 202008003861) (MIA 20729)
IRENE CHOE MEE KAM @ IRENE CHOW MEE KAM (SSM PC No. 202008003930) (MIA 16775)
TIA HWEI PING (SSM PC No. 202008001687) (MAICSA 7057636)
Company Secretaries

Selangor Darul Ehsan
29 April 2026

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 60(d) or (e) of the Constitution of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities, a Record of Depositors as at 4 June 2026 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:*
 - 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.
 - By electronic means*
The Proxy Form can be electronically lodged with the Company's Share Registrar via Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com> and select "e-Services" to login. Please refer to the Administrative Notes for the AGM on the appointment and registration of proxy for the AGM.

Notice of Annual General Meeting (Cont'd)

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.*

Explanatory Notes to the Agenda

1. **Agenda Item 1 - Audited Financial Statements for the Financial Year Ended 31 December 2025**
The Audited Financial Statements in Agenda 1 are intended for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.
2. **Ordinary Resolutions 2, 3 and 4: Re-election of Directors**
The profiles of the Directors who are standing for re-election under items 3 and 4 of this Agenda are set out in the Board of Directors' Profiles of the Annual Report 2025.

Based on the recommendation of the Nominating Committee, the Board of Directors (“**the Board**”) is satisfied with the performance and contributions of the following Directors and supports the re-election based on the following justifications:

(a) Re-election of Dato' Sri Khazali bin Haji Ahmad as Director

In accordance with Article 85 of the Company's Constitution, a Director shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Dato' Sri Khazali bin Haji Ahmad, who was appointed as a Director of the Company on 16 April 2018, retires by rotation pursuant to Article 85 of the Company's Constitution and being eligible, has offered himself for re-election at the Thirty-Fourth AGM.

Shareholders' approval is sought for the re-election of Dato' Sri Khazali bin Haji Ahmad, Ordinary Resolution 2. The profile of Dato' Sri Khazali bin Haji Ahmad is listed in the Profile of Directors section.

Notice of Annual General Meeting (Cont'd)

(b) Re-election of Encik Anuar bin Abd Rahman as Director

In accordance with Article 85 of the Company's Constitution, a Director shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Encik Anuar bin Abd Rahman, who was appointed as a Director of the Company on 21 September 2022, retires by rotation pursuant to Article 85 of the Company's Constitution and being eligible, has offered himself for re-election at the Thirty-Fourth AGM.

Shareholders' approval is sought for the re-election of Encik Anuar bin Abd Rahman, Ordinary Resolution 3. The profile of Encik Anuar bin Abd Rahman is listed in the Profile of Directors section.

(c) Re-election of Dato' Sharimahton binti Mat Saleh as Director

In accordance with Article 91 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. Dato' Sharimahton binti Mat Saleh, who was appointed as a Director of the Company on 26 August 2025, retires pursuant to Article 91 of the Company's Constitution and being eligible, has offered herself for re-election at the Thirty-Fourth AGM.

Shareholders' approval is sought for the re-election of Dato' Sharimahton binti Mat Saleh, Ordinary Resolution 4. The profile of Dato' Sharimahton binti Mat Saleh is listed in the Profile of Directors section.

3. Ordinary Resolution 5: 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-Fourth AGM on the Directors' fees and benefits under Ordinary Resolution 5. The Directors' benefits comprise meeting allowances, travelling allowances and other benefits.

In the event that the proposed Directors' fees and benefits payable during the approved period exceed the estimated amount sought at the Thirty-Fourth AGM, approval will be sought at the next AGM for additional Directors' fees and benefits payable to meet the shortfall, prior to the payment being made.

4. Ordinary Resolution 7: Proposed Renewal of Authority for Share Buy-Back

For Ordinary Resolution 7, the detailed information on the Proposed Renewal of Authority for Share Buy-Back is set out in the Circular to Shareholders dated 29 April 2026.

5. Ordinary Resolution 8: Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

For Ordinary Resolution 8, the detailed information on the Proposed Shareholders' Mandate is set out in Circular to Shareholders dated 29 April 2026.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

FAVELLE FAVCO BERHAD

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

PROXY FORM

*I/*We _____
(Full Name as per NRIC/Certificate of Incorporation in Capital letters)

NRIC No. /Passport No. /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-Fourth 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, 11 June 2026 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:-

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 Dato' Sri Khazali bin Haji Ahmad as Director of the Company.		
3.	To re-elect Encik Anuar bin Abd Rahman as Director of the Company.		
4.	To re-elect Dato' Sharimahton binti Mat Saleh as Director of the Company.		
5.	To approve the payment of Directors' fees and benefits payable up to an amount of RM1,000,000.00 from 12 June 2026 until the next Annual General Meeting of the Company.		
6.	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 :		
7.	To approve the Proposed Renewal of Authority for Share Buy-Back.		
8.	To approve the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with (X) on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this day of 2026
[*Delete if not applicable] _____
[Signature/Common Seal of Shareholder(s)]

Notes:

- 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 remotely in his/her stead. Each proxy appointed, shall represent a minimum of one hundred (100) shares. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a Member of the Company. There is no restriction as to the qualification of the proxy.
- Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must reach the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM:
 - In 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.
 - By electronic means**
The Proxy Form can be electronically lodged with the Company's Share Registrar via Vistra Share Registry and IPO (MY) portal at <https://srm.vistra.com> and select "e-Services" to login. Please refer to the Administrative Notes for the AGM on the appointment and registration of proxy for the AGM.
- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at 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.

- 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:
 - If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, resolutions set out in this Notice will be put to vote by way of poll.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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
