

FAVELLE FAVCO BERHAD (“FFB” OR “COMPANY”)

PROPOSED ACQUISITION BY FFB OF A CRANE FABRICATION YARD COMPRISING FREEHOLD INDUSTRIAL LAND, BUILDINGS AND IMPROVEMENTS, LOCATED AT NO. 28 YARRUNGA STREET, PRESTONS, NEW SOUTH WALES, 2170 AUSTRALIA WITH A TOTAL LAND AREA MEASURING APPROXIMATELY 11.6 ACRES FROM MUHIBBAH ENGINEERING (M) BHD (“MEB” OR “VENDOR”) FOR A TOTAL PURCHASE CONSIDERATION OF AUD15,000,000 (EQUIVALENT TO RM48,091,500), TO BE SATISFIED VIA THE ISSUANCE OF 31,678,743 NEW ORDINARY SHARES OF RM0.50 EACH IN FFB

For purposes of this announcement, “AUD” refers to Australian Dollar and “RM” refers to Ringgit Malaysia. Unless denoted otherwise, the exchange rate of RM3.2061 to AUD1.00, being the five (5)-day average exchange rate up to and including 22 June 2012, being the last business day prior to the date of this announcement (Source: Reserve Bank of Australia) has been applied for the purpose of converting Australian Dollars-denominated values to Ringgit Malaysia-denominated values and vice versa, in this announcement.

1. INTRODUCTION

On behalf of the Board of Directors of FFB (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that FFB had entered into a conditional sale and purchase agreement (“**SPA**”) with MEB today for the proposed acquisition of a crane fabrication yard comprising freehold industrial land, buildings and improvements, located at No. 28 Yarrunga Street, Prestons, New South Wales, 2170 Australia with a total land area measuring approximately 11.6 acres (“**Property**”) from MEB for a total purchase consideration of AUD15,000,000 (“**Purchase Consideration**”) (equivalent to RM48,091,500), to be fully satisfied via the allotment and issuance of 31,678,743 new ordinary shares of RM0.50 each in FFB (“**FFB Shares**”) at an issue price of RM1.5181 per FFB Share (“**Consideration Shares**”) (“**Proposed Acquisition**”).

2. DETAILS OF THE PROPOSED ACQUISITION

Pursuant to the SPA, the Vendor has agreed to sell and FFB has agreed to purchase the Property for a total purchase consideration of AUD15,000,000 (equivalent to RM48,091,500) upon the terms stipulated in the SPA.

The purchase consideration shall be satisfied via the allotment and issuance of the Consideration Shares to the Vendor. FFB shall allot and issue the Consideration Shares credited as fully paid-up to the Vendor within thirty (30) business days after satisfaction of the conditions precedent as set out in the SPA or as otherwise agreed by FFB and MEB.

2.1 Details of the Property

The Property comprises a large industrial factory used by FFB for crane fabricating/manufacturing on a large type of approximately 4.684 hectares (11.6 acres) industrial land parcel. The Property consists of a main fabrication/manufacturing building, test pedestals while the other improvements comprise road, car park, perimeter security fencing, underground diesel tank with bowser, liquid petroleum gas above ground tank, liquid oxygen above ground tank and effluent holding tanks. FFB has been renting from MEB and utilising the Property as its fabrication yard for its crane manufacturing business since 2004.

The Property is premised at No. 28 Yarrunga Street, Prestons, New South Wales, 2170 Australia. It is located on the northern side of Yarrunga Street, approximately 400 metres west from the intersection with Bernera Road.

Prestons is a suburb of Sydney in the state of New South Wales, Australia. It is located 37 kilometres south-west of the Sydney central business district, in the local government area of the City of Liverpool.

The registered owner of the Property is MEB.

Further details of the Property are set out below:

Tenure	:	Freehold
Land area (approximately)	:	4.684 hectares (11.6 acres)
Age of the main fabrication/manufacturing building	:	Approximately 43 years
Market value ⁽¹⁾	:	AUD15.0 million (equivalent to RM48,091,500)
Purchase consideration	:	AUD15.0 million (equivalent to RM48,091,500)
Net book value as at 31 December 2011 (audited)	:	RM15.382 million
Chargee	:	None
Encumbrances	:	None

Note:

⁽¹⁾ *The market value of the Property is based on the valuation performed by Messrs. Irhamy & Co Chartered Surveyors and Anderson Group Valuers, the joint independent valuers, as at 15 June 2012, being the valuation date*

2.2 Salient terms and conditions of the SPA

The salient terms of the SPA are as follows:

- (a) The purchase consideration of the Property is AUD15,000,000 (equivalent to RM48,091,500) only and shall be satisfied via the allotment and issuance of the Consideration Shares to the Vendor. FFB shall allot and issue the Consideration Shares credited as fully paid-up to the Vendor within thirty (30) business days after satisfaction of the conditions precedent or as otherwise agreed by FFB and MEB.
- (b) Completion of the SPA is conditional upon and subject to the fulfillment of the following conditions precedent by 31 October 2012, or any other date agreed in writing between FFB and MEB:
 - By MEB:
 - (i) approval of the board of directors of MEB;
 - (ii) approval of the shareholders of MEB at a general meeting to be convened;

- (iii) approval/consent from the banks and financial institutions who have extended credit facilities to or in favour of the Property (if any); and
 - (iv) approval of any relevant authorities (if required).
- By FFB:
 - (i) approval of the Board;
 - (ii) approval of the shareholders of FFB at a general meeting to be convened;
 - (iii) approval-in-principle from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Consideration Shares to be issued on the Main Market of Bursa Securities in favour of MEB;
 - (iv) a satisfactory due diligence conducted by FFB in respect of the Property; and
 - (v) approval of any relevant authorities (if required).
- (c) Completion of the SPA will take place upon the allotment and issuance of the Consideration Shares to MEB.
- (d) If FFB does not comply with the SPA in an essential respect, MEB can terminate by serving a notice. After the termination, MEB can:
- (i) keep or recover the deposit;
 - (ii) hold any other money paid by FFB under the SPA as security for anything recoverable under the termination provision for twelve (12) months after the termination or, if MEB commences proceedings within twelve (12) months, until those proceedings are concluded; and
 - (iii) sue FFB either where MEB has resold the Property under a contract made within twelve (12) months after the termination to recover the deficiency on resale (with credit for any of the deposit kept or recovered and after allowance for any capital gains tax or goods and services tax payable on anything recovered) and the reasonable costs and expenses arising out of FFB’s non-compliance with the SPA or the notice and of resale and any attempted resale or to recover damages for breach of contract.
- (e) FFB can (but only before completion) claim compensation for an error or misdescription in the SPA (as to the Property, the title or anything else and whether substantial or not), even if FFB did not take notice of or rely on anything in the SPA containing or giving rise to the error or misdescription. However, this will not apply to the extent FFB knows the true position.
- (f) The SPA is governed by the laws of New South Wales, Australia.

2.3 Basis and justification for arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the Property of AUD15,000,000 (equivalent to RM48,091,500) as appraised by the joint independent valuers namely, Messrs. Irhamy & Co. Chartered Surveyors and Anderson Group Valuers vide their valuation report on the Property dated 15 June 2012 (“**Valuation Report**”).

Valuation for the Property had been carried out by using the Summation Method which comprises the Comparison Method and the Depreciated Replacement Cost Method.

2.4 Basis and justification of arriving at the issue price of the Consideration Shares

The Consideration Shares will be issued at RM1.5181 per FFB Share, which is the five (5)-day volume weighted average market price of FFB Shares up to and including 22 June 2012, being the last trading day prior to the date of this announcement.

2.5 Ranking of the Consideration Shares

The Consideration Shares to be issued pursuant to the Proposed Acquisition shall, upon allotment and issuance, rank equally in all respects with the existing FFB Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions unless the allotment and issuance of the new FFB Shares were made on or prior to the entitlement date of such dividends, rights, allotments and/or other distributions.

2.6 Source of funding

The Proposed Acquisition will be funded fully via the issuance of the Consideration Shares.

Issuance of the Consideration Shares will increase FFB’s capital base and hence, improve its gearing ratio.

2.7 Proposed listing and quotation

FFB will seek the approval from Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

2.8 Liabilities to be assumed by FFB

FFB will not be assuming any liabilities, including contingent liabilities and guarantees pursuant to the Proposed Acquisition.

2.9 Latest audited net book value and original cost and date of investment

The original cost and date of investment and the latest audited net book value of the Property based on the latest audited consolidated accounts of the Vendor for the financial year ended (“**FYE**”) 31 December 2011 are as follows:

Audited Net Book Value as at 31 December 2011	Original cost of investment	Date of investment
(RM'000)	(RM'000)	
15,382	23,996	1 April 2004

3. INFORMATION ON THE VENDOR

MEB was incorporated in Malaysia under the Companies Act, 1965 (“**Act**”) on 4 September 1972 as a private limited company. It was subsequently converted to a public limited company on 14 June 1993 and was listed on the then Main Board (now known as the Main Market) of Bursa Securities on 25 February 1994.

MEB is principally engaged in the provision of oil and gas, marine, infrastructure, civil and structural engineering contract works. The subsidiaries of MEB are mainly involved in design, manufacture, commission, repair, maintenance and customisation of offshore pedestal cranes, offshore supply vessels and anchor handling tugboats for global oil and gas industry. The associates of MEB are mainly involved in international airports concessions in Cambodia and road maintenance concessions in Malaysia.

MEB is the immediate holding company of FFB and as at 31 May 2012, being the latest practicable date prior to the date of this announcement (“**LPD**”), MEB owns approximately 55.57% equity interest in FFB.

4. RATIONALE OF THE PROPOSED ACQUISITION

FFB has been renting from MEB and utilising the Property as its fabrication yard for its crane manufacturing business since 2004.

The Proposed Acquisition provides an opportunity for FFB to acquire the Property without cash outlay at the market value of the Property. The Property is integral for FFB’s Australian operations whereby the activities carried out by FFB on the land include designing, manufacturing, supplying, renting and servicing of offshore, wharf and construction cranes. FFB’s Australian sales and distribution office is also located at this Property which is crucial to strengthen the agent networking of FFB in Australia.

The Proposed Acquisition also provides the assurance for FFB that the Property would not be disposed of to any third party by the Vendor who may not renew the tenancy of the Property with FFB, thus preventing disruptive links in FFB’s operations in Australia. The Proposed Acquisition will also enable FFB to have better control over the administrative matters in relation to the Property. According to the Valuation Report, the Property is underdeveloped with large areas of the Property which are open vacant land. With the Proposed Acquisition, FFB can develop the Property to increase its capacity without seeking the consent of MEB.

The Proposed Acquisition forms part of the assets rationalisation plan of FFB. With the Proposed Acquisition, FFB can recognise the Property as an asset in its book and capitalise all the future capital expenditure to be incurred by FFB for the expansion of the Property. FFB can also benefit from future capital appreciation of the Property as it is located at Prestons in Australia which is slowly being transformed into an industrial hub. The Proposed Acquisition is also part of the efforts of FFB to minimise its recurrent related party transactions to avoid recurring rental payments.

The Proposed Acquisition provides immediate rental savings to FFB of approximately AUD735,000 (equivalent to approximately RM2.356 million) per annum. It may also reduce FFB’s administrative costs as a result of the reduction in the number of recurrent related party transactions between FFB and the Vendor.

With the benefits highlighted above, the Proposed Acquisition is expected to enhance the future financial performance of FFB.

After evaluating various alternatives to fund the Purchase Consideration, FFB is of the view that the issuance of the Consideration Shares for the Proposed Acquisition would be most appropriate as it allows FFB to conserve cash and debt capacity for its business and operations.

5. PROSPECTS OF THE PROPERTY

5.1 Global Economy

After suffering a major setback during 2011, global prospects are gradually strengthening again, but downside risks remain elevated. Improved activity in the United States during the second half of 2011 and better policies in the euro area in response to its deepening economic crisis have reduced the threat of a sharp global slowdown. Accordingly, weak recovery will likely resume in the major advanced economies, and activity is expected to remain relatively solid in most emerging and developing economies. However, the recent improvements are very fragile. Policymakers need to continue to implement the fundamental changes required to achieve healthy growth over the medium term. With large output gaps in advanced economies, they must also calibrate policies with a view to supporting still-weak growth over the near term.

Policy has played an important role in lowering systemic risk, but there can be no pause. The European Central Bank's three-year longer-term refinancing operations (LTROs), a stronger European firewall, ambitious fiscal adjustment programs, and the launch of major product and labor market reforms helped stabilize conditions in the euro area, relieving pressure on banks and sovereigns, but concerns linger. Furthermore, the recent extension of U.S. payroll tax relief and unemployment benefits has forestalled abrupt fiscal tightening that would have harmed the U.S. economy. More generally, many advanced economies have made good progress in designing and implementing strong medium term fiscal consolidation programs. At the same time, emerging and developing economies continue to benefit from past policy improvements.

(Source: World Economic Outlook April 2012, International Monetary Fund)

5.2 Australian Economy

Australia's economy expanded at more than twice the pace economists forecast, sending the local currency, bond yields and stocks higher and prompting traders to pare bets on a half-point interest-rate cut next month.

First-quarter gross domestic product advanced 1.3 percent from the previous three months, when it rose a revised 0.6 percent, a Bureau of Statistics report released in Sydney today showed. The country's A\$1.45 trillion (\$1.43 trillion) economy, the world's 13th largest, is forecast by the International Monetary Fund to overtake Spain as the 12th biggest this year.

The Australian dollar jumped almost 1 percent as concern eased that the Europe's fiscal crisis and slower growth in China will derail an economy Reserve Bank Governor Glenn Stevens says is experiencing "modest growth." An estimated A\$500 billion pipeline of resource projects by companies such as BHP Billiton Ltd. (BHP) has helped cushion a slump in manufacturing and services hit by a strong currency.

"We've got a mining boom boosting investment dramatically," said Shane Oliver, head of investment strategy at AMP Capital Investors Ltd., which has almost \$124 billion under management. "On the other hand, the non-mining economy is really struggling."

The quarterly result exceeded all of the estimates in a Bloomberg News survey of 24 economists that had a median 0.6 percent gain.

(Source: Bloomberg)

5.3 Prospect of the Property

In tandem with the Australia's strong growth in commodity exports over past few years, the property market has been on the upswing too. The tightened lending policy by financial institutions seen during the United States of America sub-prime and global financial crisis slowly eased off and coupled with foreign investors' interests in Australian properties, the property market in general has been enjoying growth over last 3 years.

As a result of the increased demand more lands have been opened up for development and this is seen in Prestons in particular, the opening of the M7 Motorway and re-zoning of the rural area to industrial. These two factors have significantly changed the neighbourhood in that Prestons is becoming a recognized hub for large industrial warehousing shown by the presence of German's Aldi Supermarket Chain and Primo Meats. These two multi-nationals have established distribution centres to facilitate supplies to their respective end users.

However, unlike smaller-sized holdings where more transactions would take place, the allotments in this neighbourhood of Prestons are generally 5-acre lots. In addition to the land size factor, the newly built M7 Motorway has increased accessibility to more lands resulting a steady to flattish demand for such large-sized industrial lands.

Colliers International first half 2012 research & forecast report has been noted. The report mentions "Sydney's industrial land market has continued to see moderate demand levels from owner occupiers looking to buy serviced lots, in order to develop a purpose built asset which suits their needs and cannot be found in the tightening sales or leasing market."

Despite the fact that the supply of lands has increased we firmly believe that with improved connectivity and the presence of multi-nationals in the neighbourhood, Prestons in general will remain attractive for more relocations and property acquisition as the economy grows further in the coming years.

(Source: Valuation Report)

In light of the factors above, the strength of market demand for industrial properties in Prestons, New South Wales as well as the strategic location of the Property, the Board is optimistic of the positive prospects of the Property.

6. RISK FACTORS

The Board does not foresee any material risks arising from the Proposed Acquisition given that FFB has been using the Property for the designing, manufacturing, supplying, renting and servicing of industrial cranes business in Australia. However, there may be additional risks arising from the Proposed Acquisition which may include, among others, the following:

6.1 Non-completion of the Proposed Acquisition

In the event the conditions precedent of the SPA is not fulfilled, the Proposed Acquisition cannot be completed. However, the conditions precedents are customary to the SPA and the Board is not aware of circumstance or facts within its control that may cause the non-completion of the Proposed Acquisition.

6.2 Compulsory acquisition by the Council of New South Wales, Australia

Under the laws of New South Wales (“NSW”), the NSW State Government has the power under legislation to resume or compulsorily acquire any land in NSW based on the market value of the property, to achieve its role and responsibilities as its community’s needs change.

Before the completion of the Proposed Acquisition, FFB is protected against the compulsory acquisition by the NSW State Government as the SPA and NSW legislation, pursuant to the Conveyancing Act and the Regulations to that Act, give an implied warranty from MEB that MEB is not aware of any proposal by the NSW State Government department to resume or compulsorily acquire all or part of the Property. If a proposal exists, FFB has remedies under the SPA, including but not limited to, a right to compensation.

However, after the Proposed Acquisition, there can be no assurance that the Property will not be compulsorily acquired by the Australia Government in the future. If the Property is compulsorily acquired by the NSW State Government at such point in time when the market value of the Property is lower than the purchase price (as the case may be), the compulsory acquisition could adversely affect the financial results of FFB.

7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Issued and paid-up share capital

The proforma effects of the Proposed Acquisition on FFB's issued and paid-up share capital are as follows:

	No. of FFB Shares ('000)	Issued and paid-up share capital (RM'000)
As at the LPD	179,167	89,584
Consideration Shares to be issued pursuant to the Proposed Acquisition	31,679	15,839
Enlarged issued and paid-up share capital	210,846	105,423

7.2 Shareholdings of the substantial shareholders

Based on FFB's Register of Substantial Shareholders as at the LPD, the proforma effects of the Proposed Acquisition on FFB's substantial shareholders' shareholdings are as follows:

Substantial Shareholders	As at the LPD				After the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of FFB Shares '000	(1)%	No. of FFB Shares '000	(1)%	No. of FFB Shares '000	(1)%	No. of FFB Shares '000	(1)%
MEB	99,562	55.57	-	-	131,241	62.25	-	-
Mac Ngan Boon @ Mac Yin Boon	8,193	4.57	(2)99,562	55.57	8,193	3.89	(2)131,241	62.25
Lembaga Tabung Haji	11,386	6.36	-	-	11,386	5.40	-	-

Notes:

- (1) Based on FFB's issued and paid-up capital of 179,167,020 FFB Shares and less treasury shares of 10,000 FFB Shares as at the LPD
- (2) Deemed interest pursuant to Section 6A of the Act by virtue of his substantial interests in MEB

7.3 Net assets (“NA”), NA per share and gearing

For illustration purposes only, the proforma effect of the Proposed Acquisition on the consolidated NA, NA per share and gearing of FFB based on the latest audited financial statements of FFB as at 31 December 2011 on the assumption that the Proposed Acquisition have been effected on that date are as follows:

	Audited as at 31 December 2011 RM'000	After the Proposed Acquisition RM'000
Share capital	89,584	105,423
Reserves	23,325	55,577
Retained earnings	124,073	⁽¹⁾ 123,578
Shareholders' Equity / NA	236,982	284,578
No. of FFB Shares in issue ⁽²⁾ ('000)	179,157	210,836
NA per FFB Share (RM)	1.32	1.35
Total borrowings	51,246	51,246
Gearings (times)	0.22	0.18

Notes:

⁽¹⁾ After netting off estimated expenses of approximately RM495,000 in relation to the Proposed Acquisition

⁽²⁾ Excluding treasury shares of 10,000 FFB Shares as at the LPD

7.4 Earnings and earnings per share (“EPS”)

Based on the audited consolidated financial statements of FFB for the FYE 31 December 2011, assuming that the earnings for the FYE 31 December 2012 is the same as the previous year with the exception of the rental for the Property and assuming the Proposed Acquisition is completed by the end of October 2012, the proforma effects of the Proposed Acquisition on the assumed consolidated earnings and EPS of FFB for the FYE 31 December 2012 are as follows:

	Audited as at 31 December 2011	After Proposed Acquisition
Profit attributable to owner of the Company (RM'000)	47,606	⁽¹⁾ 46,321
Weighted average no. of FFB Shares in issue ('000)	178,378	⁽²⁾ 184,523
EPS (sen)	26.69	25.10

Notes:

⁽¹⁾ After adjusting for the net difference between the previous year's rental expenses and the current year's rental expenses up to end October 2012 of approximately RM1.271 million and the estimated depreciation expenses of the Property of approximately RM7,000 per month from end October 2012 to 31 December 2012

⁽²⁾ Weighted average number of FFB Shares in issue has taken into account the issuance of 31,678,743 Consideration Shares assumed to be issued by the end of October 2012

7.5 Convertible securities

FFB does not have any convertible securities in issue.

8. APPROVALS REQUIRED

The Proposed Acquisition is subject to and conditional upon approvals being obtained from the following:

- (i) approval of the Board and the board of directors of MEB;
- (ii) approval of the shareholders of FFB and MEB at general meetings to be convened;
- (iii) approval from Bursa Securities for the listing of and quotation for the Consideration Shares to be issued on the Main Market of Bursa Securities in favour of MEB;
- (iv) a satisfactory due diligence conducted by FFB in respect of the Property;
- (v) approval/consent from the banks and financial institutions who have extended credit facilities to or in favour of the Property (if any); and
- (vi) any other relevant authorities, if required.

Applications to the relevant authority in respect of the Proposed Acquisition shall be submitted within three (3) months from the date of this announcement.

The Proposed Acquisition is not conditional upon any other corporate exercise undertaken or to be undertaken by FFB.

9. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

MEB is a major shareholder and the holding company of FFB. It is also the Vendor for the Proposed Acquisition.

Mac Ngan Boon @ Mac Yin Boon is the Managing Director and a major shareholder of FFB. He is also the Managing Director and a major shareholder of MEB.

Tuan Haji Mohamed Taib bin Ibrahim is the Chairman and a shareholder of FFB. He is also the Chairman and a shareholder of MEB.

Mac Chung Hui (who is the son of Mac Ngan Boon @ Mac Yin Boon) is the Deputy Managing Director/Chief Executive Officer and a shareholder of FFB. He is also a person connected with MEB pursuant to Section 122A of the Act.

Mac Chung Jin (who is the son of Mac Ngan Boon @ Mac Yin Boon) is a shareholder of FFB. He is also an Alternate Director and a shareholder of MEB.

Mazlan bin Abdul Hamid is the Executive Director and a shareholder of FFB. He is also a shareholder of MEB.

Chew Keng Siew (who is the spouse of Mac Ngan Boon @ Mac Yin Boon) is a shareholder of FFB.

Mac Chung Lynn (who is the daughter of Mac Ngan Boon @ Mac Yin Boon) is a shareholder of FFB.

Fatimah bte Ismail (who is the spouse of Tuan Haji Mohamed Taib bin Ibrahim) is a shareholder of FFB.

Hamidah binti Mohd Taib and Aminah binti Mohd Taib (who are the daughters of Tuan Haji Mohamed Taib bin Ibrahim) are shareholders of FFB.

Mohamed Ezani bin Md Taib (who is the son of Tuan Haji Mohamed Taib bin Ibrahim) is a shareholder of FFB.

Accordingly, MEB, Mac Ngan Boon @ Mac Yin Boon, Tuan Haji Mohamed Taib bin Ibrahim, Mac Chung Hui, Mac Chung Jin, Mazlan bin Abdul Hamid, Chew Keng Siew, Mac Chung Lynn, Fatimah bte Ismail, Hamidah binti Mohd Taib, Aminah binti Mohd Taib and Mohamed Ezani bin Md Taib are deemed interested in the Proposed Acquisition.

As the above major shareholders and Directors are deemed interested in the Proposed Acquisition, they will abstain and have also undertaken to ensure that persons connected with them will also abstain from voting in respect of their respective direct and/or indirect shareholdings in FFB, if any, on the resolution pertaining to the Proposed Acquisition at the forthcoming extraordinary general meeting.

In addition, Mac Ngan Boon @ Mac Yin Boon, Tuan Haji Mohamed Taib bin Ibrahim, Mac Chung Hui and Mazlan bin Abdul Hamid (collectively referred to as “**Interested Directors**”) have abstained and will continue to abstain from any deliberations or decisions or voting made on the Proposed Acquisition at the relevant Board meetings.

The shareholdings of the interested major shareholders, Directors and persons connected in FFB as at the LPD are as follows:

	Direct		Indirect	
	No. of FFB Shares (‘000)	(1)%	No. of FFB Shares (‘000)	(1)%
Interested major shareholders				
MEB	99,562	55.57	-	-
Mac Ngan Boon @ Mac Yin Boon	8,193	4.57	⁽²⁾ 99,562	55.57
Interested Directors				
Mac Ngan Boon @ Mac Yin Boon	8,193	4.57	⁽³⁾ 103,202	57.60
Tuan Haji Mohamed Taib bin Ibrahim	2,846	1.59	⁽⁴⁾ 107	0.06
Mac Chung Hui	1,712	0.96	-	-
Mazlan bin Abdul Hamid	2,115	1.18	-	-
Interested persons connected				
Mac Chung Jin	716	0.40	-	-
Mac Chung Lynn	400	0.22	-	-
Chew Keng Siew	812	0.45	-	-
Fatimah bte Ismail	13	0.01	-	-
Hamidah binti Mohd Taib	32	0.02	-	-
Aminah binti Mohd Taib	32	0.02	-	-
Mohamed Ezani bin Md Taib	30	0.02	-	-

Notes:

- (1) *Based on FFB's issued and paid-up capital of 179,167,020 FFB Shares and less treasury shares of 10,000 FFB Shares as at the LPD*
- (2) *Deemed interest pursuant to Section 6A of the Act by virtue of his substantial interests in MEB*
- (3) *Deemed interest pursuant to Section 6A of the Act by virtue of his substantial interests in MEB and Section 134 of the Act, held through his spouse and children*
- (4) *Deemed interest pursuant to Section 134 of the Act, held through his spouse and children*

Save as disclosed above, none of the Directors or major shareholders of the Company or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition.

10. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), having considered the rationale, benefits, effects, risk factors and terms of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company and its subsidiaries.

11. STATEMENT BY AUDIT COMMITTEE

The audit committee of FFB, after having considered all aspects of the Proposed Acquisition, including but not limited to the rationale for the Proposed Acquisition, the basis and justification for the Purchase Consideration, salient terms of the SPA, the prospects of the Property and the advice of the Independent Adviser, namely KAF Investment Bank Berhad, is of the view that:

- (i) the Proposed Acquisition is fair, reasonable and on normal commercial terms;
- (ii) the Proposed Acquisition is in the best interest of FFB; and
- (iii) the Proposed Acquisition is not detrimental to the interests of the non-interested shareholders of FFB.

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02 (g) of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") is approximately 20%, based on the latest audited consolidated financial statements of FFB for the FYE 31 December 2011.

13. RELATED PARTY TRANSACTION

Save for the recurrent related party transactions entered into within the ordinary course of business, FFB did not enter into any other transactions with MEB for the twelve (12) months preceding the date of this announcement.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the fourth quarter of 2012.

15. ADVISERS

Maybank IB has been appointed as the Adviser to the Company for the Proposed Acquisition.

The Proposed Acquisition is a related party transaction pursuant to Paragraph 10.08 (2) of the Listing Requirements in view of the interests of certain major shareholders and Interested Directors as set out in Section 9 of this announcement. Accordingly, KAF Investment Bank Berhad has been appointed to act as the Independent Adviser to undertake the following in relation to the Proposed Acquisition:

- (a) comment as to:
 - (i) whether the Proposed Acquisition is fair and reasonable so far as the shareholders of FFB are concerned; and
 - (ii) whether the Proposed Acquisition is to the detriment of the non-interested shareholders of FFB,and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (b) advise the non-interested shareholders of FFB whether they should vote in favour of the Proposed Acquisition; and
- (c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in paragraphs (a) and (b) above.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA and the Valuation Report are available for inspection by the shareholders of FFB at the registered office of FFB at Lot 586, 2nd Mile Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of at least three (3) months from the date of this announcement.

This announcement is dated 25 June 2012.