

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

**MINUTES OF THE THIRTIETH ANNUAL GENERAL MEETING (“30TH AGM”) OF
THE COMPANY HELD FULLY VIRTUAL VIA REMOTE PARTICIPATION AND
VOTING AT THE ONLINE MEETING PLATFORM OF TIIH ONLINE ON
WEDNESDAY, 22 JUNE 2022 AT 10.30 A.M.**

PRESENT : As per the Attendance List

AGM30/1 PRELIMINARY

Tan Sri A. Razak bin Ramli (“Tan Sri A. Razak” or “the Chairman”), the Chairman of the Board took the Chair and welcomed everyone to the Meeting. At this juncture, the Chairman informed the Shareholders that Tan Sri Dato’ Seri Ahmad Ramli Bin Haji Mohd Nor and himself will retire as Directors of the Company at the conclusion of the 30th AGM. Hence, Resolutions 7 and 8 will be withdrawn and will not be put forth for voting.

The Chairman then introduced the Board members to everyone and informed that the External Auditors, Company Secretaries and Scrutineers and were also in the Meeting.

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

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

AGM30/2 QUORUM

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

AGM30/3 SUMMARY OF PROXY RECEIVED

Based on the Poll Administrator Report, the shareholders of 174,900,295 shares have lodged their proxies within the stipulated time and the holders of 32,340,740 shares have appointed the Chairman of the meeting to be their proxy.

AGM30/4 NOTICE OF MEETING

The Notice of Meeting having been circulated to shareholders and published in “The

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Star” newspaper on 27 April 2022 was taken as read. Only members whose names appeared in the Record of Depositors on 15 June 2022 were eligible to attend the meeting.

AGM30/5 POLLING AND VOTING PROCEDURES

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

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

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

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

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

ORDINARY BUSINESS

AGM30/6 AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 AND THE REPORTS OF THE DIRECTORS AND AUDITORS

The Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon, were tabled for discussion.

The Chairman informed the shareholders that the Audited Financial Statements for the financial year ended 31 December 2021 were intended for discussion only as the provision of the Section 340(1) of the Companies Act 2016 requires the accounts and reports by the Directors be laid before the members at the Annual General Meeting (“AGM”). There is no requirement for formal approval of the shareholders and hence, it would not put for voting.

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

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**AGM30/7 ORDINARY RESOLUTION 1
FIRST AND FINAL TAX EXEMPT DIVIDEND**

The Chairman proceeded to the second item of the Agenda which was to approve a first and final tax exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2021.

The Chairman put the motion to vote by poll later.

**AGM30/8 ORDINARY RESOLUTIONS 2, 3 AND 4
RE-ELECTION OF DIRECTORS RETIRING PURSUANT TO ARTICLE
85 OF THE COMPANY'S CONSTITUTION**

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

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

Ordinary Resolution 2 - Re-election of Encik Mazlan Bin Abdul Hamid

Ordinary Resolution 3 - Re-election of Encik Sobri Bin Abu

Ordinary Resolution 4 - Re-election of Ms Lee Poh Kwee

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

**AGM30/9 ORDINARY RESOLUTION 5
APPROVAL FOR THE PAYMENT OF DIRECTORS' FEES AND
BENEFITS PAYABLE OF RM1,000,000.00 FROM 23 JUNE 2022 UNTIL
THE NEXT AGM OF THE COMPANY**

The Chairman proceeded to the next item on the Agenda, which was to approve the payment of directors' fees and benefits payable of RM1,000,000.00 from 23 June 2022 until the next AGM of the Company.

The Chairman put the motion to vote by poll later.

**AGM30/10 ORDINARY RESOLUTION 6
RE-APPOINTMENT OF AUDITORS**

The Chairman informed the Meeting that the retiring Auditors, Messrs. Crowe Malaysia PLT had indicated their willingness to continue in office as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

The Chairman put the motion to vote by poll later.

SPECIAL BUSINESS

AGM30/11 ORDINARY RESOLUTIONS 7 AND 8 RETENTION OF INDEPENDENT DIRECTORS

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

Ordinary Resolution 7 - Retention of Tan Sri A. Razak bin Ramli Ordinary Resolution 8 – Retention of Tan Sri Dato' Seri Ahmad Ramli Bin Haji Mohd Nor

As informed by the Chairman earlier, Tan Sri Dato' Seri Ahmad Ramli Bin Haji Mohd Nor and himself will not be seeking for the approval for retention as the Independent Directors of the Company. Hence, ordinary resolutions 7 and 8 will not be put forth for voting.

AGM30/12 ORDINARY RESOLUTION 9 PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The Chairman proceeded to the second item under special business which was to seek shareholders' approval on the Proposed Renewal of Authority for Share Buy-Back, as detailed in the Statement to Shareholders dated 27 April 2022.

The Chairman put the motion to vote by poll later.

AGM30/13 ORDINARY RESOLUTION 10 PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS' MANDATES”)

The Chairman proceeded to the last item under special business which was to seek approval from shareholders for the proposed renewal of the existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature, as detailed in the Circular to Shareholders dated 27 April 2022.

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

AGM30/14 QUESTION AND ANSWER SESSION

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

PRE-MEETING QUESTION AND ANSWER

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

Answer: The Group has decided not to provide any e-vouchers, food voucher or Touch 'n Go e-wallet reload pin. This is consistent with the current cost cutting measures and streamlining mission of the Group.

LIVE QUESTIONS AND ANSWERS

A2: **Question:** A huge amount of dividend had been paid, moving forward, any new project for Favelle Favco Berhad to fulfill back the huge dividend which had been paid?

Answer: FFB has an outstanding order book of approximately RM529 million as at 20 May 2022, the order book will somehow help to rebuild the dividends funds. However, the dividend paid recently was based on the accumulated profits over the years, and hence the distribution of dividend is not directly related to any new specific projects.

A3: **Question:** When the Physical Annual General Meeting will be resumed?

Answer: The current pandemic situation has yet to be safe enough to resume physical Annual General Meeting, however, the Company will take into consideration for next Annual General Meeting, if the condition permits so.

A4: **Question:** With the dividend of RM0.85 together with the final dividend of RM0.08, the retained profit of Favelle Favco Berhad is depleted going forward and how is the management going to fund its working capital requirement and expansion and to pay a sustainable dividend?

Answer: FFB's cash level was around RM250-350 million in the past few years looking for acquisitions. Whilst FFB had achieved the acquisition of Exact Automation, the balance of the funds had not been deployed effectively, and therefore, FFB considered to return the funds back to the shareholders as dividends. Nevertheless, the dividend paid is within the Company's capability and that it will not affect the operation and working capital of the Company in the future. FFB will continue to be able to explore any potential business/profit making acquisition in the future.

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A5: **Question:** With the strong oil prices, is Favelle Favco Berhad benefiting from this scenario? How would Management capitalize from this scenario?

Answer: With the strong oil prices, the major operators of oil and gas industry are making profits at the moment. While the current situation is expected to trickle down at some point in time to the service and hardware providers. Exact Automation group is recovering well from the pandemic, however, the oil and gas maintenance-related and the crane are recovering slowly as being impacted by the “Ukraine War effects”. The Company is hopeful the projects/investments will continue grow which will benefit the Company.

A6: **Question:** After the first Interim Dividend Payment (a) What is the retained profits of the Group and the Company? And (b) What is the Net Tangible Assets (“NTA”) per share? (c) Can the shareholders expect further dividends for this current financial year?

Answer: (a) The Group Retained Profit has reduced by RM198 million to RM370 million based on the unaudited first quarter result for the financial year ending 31 December 2022 (b) The NTA was about RM2.57 after taking into account RM0.85 dividend paid out. (c) The Company is always looking for dividends to be declared in the future subject to the current market situation and the Company’s capability in yearly basis.

A7: **Question:** On your prospect, the first quarter result for the financial year ending 2022 shows a drastic fall on profitability and turnover despite the strong oil price, what are the measures taken by management to turn around these challenges?

Answer: The drastic fall in the turnover in the first quarter of the Year 2022 was due to the slow market situation. Building a crane will require approximately nine (9) months to deliver, therefore, the first quarter results of Year 2022 is a result of the slow market condition in mid of Year 2021 whereby the Company still in the Covid-19 pandemic .On top of that, the profitability of the Company was affected by the high shipping price, steel price, slow operation of the market and the market instability due to the omicron wave in Malaysia around March 2022. Recently, the component cost has drastically increased due to the Ukraine war, the Company is looking for component substitution to mitigate the current market situation and cost saving.

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- A8: **Question:** Based on intelligent automation, the scenario is due to high uncertainties and high labour costs, the natural condition should be greater adoption of automation, why is the first quarter automation reported a lower performance?

Answer: The intelligent automation industry is currently in high uncertainty, the Company is seeing an increase in labour cost, it is a very uncertain market environment. But the project the Company does is not the project that can be implemented at the heartbeat, those projects take time to understand and address the problems, some of it may not result in reduce labour cost, it could be more flexible into their own operation with Internet of Things. Besides that, there is an increasing awareness on Internet of Things within the entire market, therefore, automation is picking up faster than the crane business, and everyone is trying to automate as much as possible.

- A9: **Question:** In the first quarter 2022, there are outstanding of RM529 million outstanding order book, how will this higher cost of input i.e. raw material, labour cost and logistics impact the margin on this item?

Answer: The first-quarter result was impacted by Covid-19 pandemic situation, the steel's price and shipping costs have generally increased due to the Ukraine war and the minimum wage implemented by the Government. The Company will mitigate the impacts of the Ukraine war effects through alternative ways by searching for components substitution.

- A10: **Question:** How much does the company spend on this virtual AGM? Would the board kindly consider giving shareholders e-wallet as a token of appreciation for attending today AGM?

Answer: The cost of the virtual AGM approximately RM10,000 – RM20,000. In relation to the door gifts, the Company has decided not to provide any door gifts this year in line with the cost-cutting efforts and streamlining the mission of the Group.

- A11: **Question:** Amount due from associate amounted to RM15.602 million and RM17.997 million were impaired for FY2020 & 2021 respectively. For FY 2021, impairment losses of RM16.325 million were reversed (1) Which associate(s) are these impairment losses attributed to? (2) Why are the substantial amount being impaired and then reversed in the same financial year?

Answer: The impairment losses of associate companies were provided in accordance with the accounting standard. This was due to the tough market and the slow payment procedure in China. The Company continued to provide for impairment loss yearly. Aside from the slow payment procedure in China, the Company was in the view that there is nothing unusual business activities in China.

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A12: **Question:** The implementation of Share Issuance Scheme (“SIS”), how is this will impact and dilute the Earning per share and the NTA per share of Favelle Favco Berhad?

Answer: The Proposed SIS was up to the maximum of 10% of the total number of issued shares, therefore, it will be a 10% dilution.

A13: **Question:** In view of the disposal of shares of Encik Mazlan before Favelle Favco’s Quarter 1 earnings announcement, although this is not against the rule however, it seems like bad optics for a director to sell his shares just right before the earnings announcement.

Answer: All directors are entitled to transact the shares, and the directors just need to ensure that the necessary declarations are made in accordance with the Bursa Malaysia Listing Requirements.

A14: **Question:** Is there any supply chain impact on the Company?

Answer: The increase of the component cost and shipping cost was due to the unstable supply chain situation.

There being no further question, the Chairman proceeded to the polling of the 30th AGM of the Company.

AGM30/15 POLLING PROCESS

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

The Chairman adjourned the Thirtieth Annual General Meeting for approximately 10 minutes for the polling process.

AGM30/16 ANNOUNCEMENT OF POLL RESULTS

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

Based on the poll results verified by the Scrutineers, the Chairman announced that all the resolutions except Resolution 7 and 8, which had been withdraw tabled at the Thirtieth Annual General Meeting of the Company had been duly carried.

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AGM30/17 CONCLUSION

There being no further business, the Chairman declared the Meeting closed at 11.45a.m. and thanked all present at the Meeting.

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

CHAIRMAN

ANNEXURE A

30th AGM

Poll Results

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Thirtieth Annual General Meeting

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

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

On 22-June-2022 at 10:30AM

Result On Voting By Poll

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Ordinary Resolution 1	179,539,679	99.9981	3,443	0.0019	179,543,122	100.0000
Ordinary Resolution 2	175,682,862	99.4585	956,560	0.5415	176,639,422	100.0000
Ordinary Resolution 3	179,456,762	99.9539	82,760	0.0461	179,539,522	100.0000
Ordinary Resolution 4	176,488,362	99.9226	136,760	0.0774	176,625,122	100.0000
Ordinary Resolution 5	179,349,880	99.8942	190,042	0.1058	179,539,922	100.0000
Ordinary Resolution 6	179,526,529	99.9908	16,593	0.0092	179,543,122	100.0000
Ordinary Resolution 9	179,527,995	99.9921	14,127	0.0079	179,542,122	100.0000
Ordinary Resolution 10	19,482,744	99.9127	17,022	0.0873	19,499,766	100.0000

