21. EXPERT'S REPORT ON THE PREVAILING REGULATIONS ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS AND THE RELEVANT LAWS AND REGULATIONS OF SINGAPORE

(Prepared for inclusion in the Prospectus)

JAMES CHIA & COMPANY
ADVOCATES & SOLICITORS

謝世清律師樓

James S. C. Chia

16 Raffles Quay #11-03
Hong Leong Building
Singapore 048581

Tel: 6222 2880
Fax: 6222 2881
E-mail: jcnco@pacific.net.sg

Your Ref:

Our Ref: JCSC/sm/0102/99

6 June 2006

The Board of Directors
Favelle Favco Berhad
Lot 586 & 579, 2nd Mile
Jalan Batu Tiga Lama
41300 Klang
Selangor Darul Ehsan
Malaysia

Dear Sirs,

RE: Legal Opinion on Singapore Government's Policies on foreign investment, repatriation of profits, ownership of securities and assets, enforceability of agreements and other relevant legal matters in respect of Favelle Favco Cranes Pte Ltd (Singapore) doing business in Singapore.

A. Background

1. Favelle Favco Cranes Pte Ltd was incorporated in Singapore on 2nd June 1995 (hereinafter referred to as "FFCS"). The registered address is at 16 Raffles Quay #11-03, Hong Leong Building, Singapore 048581. It has a paid up capital of $3 million with a limited liability. The directors are Mr. Mac Ngan Boon @ Mac Yin Boon, Mr. Ooi Sen Eng and Mr. Chia Shih Ching James. The sole shareholder is Favelle Favco Bhd, a company incorporated in Malaysia whose registered address is Lot 586 & 579, 2nd Mile, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan, Malaysia (hereinafter referred to as "FFB").

2. The principal business of FFCS is the leasing and sale of offshore cranes of various height and tonnage to customers in Singapore and across Asia and Europe. FFCS has been in business for 10 years in Singapore and has been profitable.

3. This report is prepared for inclusion in the Prospectus of Favelle Favco Berhad ("FFB") in conjunction with their listing on the Second Board of Bursa Malaysia Securities Berhad.

B. Transfer of shares of Favelle Favco Cranes Pte Ltd (Singapore).

3. The Singapore Companies Act permit the shares of FFCS be transferred freely to any bona fide purchaser save that the first right to purchase shall be offered to existing shareholders as stated in the Articles of Association.

C. **Foreign Investment in Singapore.**

4. Over the past 40 years the "open door" policy of the Singapore Government of welcoming multinationals and international corporations of all countries to invest in Singapore with generous corporate tax incentives has paid off. Singapore is a thriving economy with the busiest port and best airport in the world, a leading financial centre after New York and London and an environment where corporations continue to set up offices in Singapore.

5. To promote trade Singapore has concluded several Bilateral Free Trade Agreements (FTA) with United States, Japan, South Korea, Mexico, New Zealand, Australia and are currently negotiating with China and Asean countries.

D. **Exchange Controls and Debt-to-Equity Requirements.**

6. Singapore residents and foreign investors, both corporations and individuals, are allowed to exchange currency freely. No exchange control approval or formalities are required for payments, remittances or capital transfers in any currency.

7. With the exception of the banking and financial services industries, Singapore imposes no statutory debt-to-equity requirements or capitalization rules. The Monetary Authority of Singapore does however limit the extent to which licensed banks can lend in Singapore dollars to non-residents and/or for investment outside Singapore.

E. **Restrictions on Foreign Investment.**

8. The government of Singapore actively encourages foreign investment and generally treats foreign capital the same as local capital. With exceptions for national security purposes and in certain industries, no restrictions are placed on foreign ownership of Singapore corporations. The following are among the exceptions:

- Foreign shareholders cannot have control of locally incorporated banks.
- The bylaws of certain companies, such as airlines and shipping, companies, specifically restrict the amount of foreign ownership.
- Legislative control is exercised over the newspaper publishing industry.
- The manufacturing of arms and munitions is subject to a government monopoly.
- Public utility services-electricity, gas and water-are publicly owned (the electricity and gas sectors are in the process of being privatised).

In addition, foreign corporations and individuals must obtain approval from the Controller of Residential Property for purchases of landed residential property. However for purchases of:

i. any flat (which is not a landed dwelling-house) that is comprised in a building permitted to be used for residential purposes;

ii. any unit in a condominium development; or

iii. any unit in an executive condominium.

no permission is required.

E. Repatriation of profits to Malaysia.

9. There are no restrictions on income including dividends, interest, royalties or capital remitted from Singapore to FFB save that all taxes and/or withholding taxes have been paid by FFCS to the Singapore Comptroller of Income Tax.

F. Enforceability of agreements, representations and undertakings given by counterparties under relevant Laws of Singapore.

10. Most agreements entered into in Singapore between parties whether they are incorporated in Singapore or not have a clause in the Agreement whereby the parties submit themselves to the jurisdiction of the Singapore Courts in disputes arising out of the terms of the contract. It follows in the event of a default or a breach of a term of a contract entered into between FFCS and/or FFB with a third party the contract is enforceable by the third party against FFCS and/or FFB in Singapore. In the event legal proceedings are commenced in Singapore and:

i. judgment is obtained by FFCS and/or FFB against the third party the Courts in Singapore will assist FFCS and/or FFB in the enforcement of the judgment; and

ii. judgment is obtained by the third party against FFCS and/or FFB, third party will be able to enforce the judgment against FFCS and/or FFB's assets in Singapore. The third party will also be able to proceed to Malaysia to register the judgment as a foreign judgment in the Malaysian Courts for enforcement against FFB.

G. Ownership of title to securities and assets by FFB and/or subsidiaries in Singapore.

11. There are no restrictions to ownership of securities save for the restriction in companies stated in paragraph 8 above. Similarly there are no restriction to ownership of assets save for approval from Controller of Residential property in the purchase of landed residential properties as in paragraph 8 above.

H. The tax structure

12. *Taxes on income and gains:*

- Corporate income tax.
- Individual income tax.
- Income tax on clubs, association and estates.

Taxes on transactions:

- Goods and Services Tax.
- Customs and excise duties
- Stamp duties.

Taxes on skills:

- Skills development levy (employee's monthly remuneration less than SGD1,000-00.)

Others:

- Central Provident Fund contributions (not a tax but a social security scheme).

13. *Income tax structure.*

Income tax is levied on a person's income if it is sourced from Singapore or received in Singapore from outside its borders.
Under the Singapore tax legislation, the following income is subject to income tax:

- Gains or profits from any trade, business, profession or vocation.
- Gains or profits from employment.
- Dividends, interest or discounts.
- Pensions, changes or annuities.
- Rents, royalties, premiums and any other profits arising from property.
- Gains or profits of an income nature not falling within the preceding categories.

The income tax rate for companies (whether resident or not) is 20% in respect of total chargeable income arising in each accounting period.
For the Year of Assessment 2007, the top personal tax rate is 20%.

14. *International Aspects.*

Resident corporations (those managed and controlled in Singapore) and individuals are subject to tax on income accruing in or derived from Singapore.

15. Non-resident individuals are subject to tax on Singapore-source income only.

16. Singapore has an extensive network of tax treaties by which double taxation of non-Singapore income is avoided. Singapore has concluded and ratified comprehensive tax treaties with more than 58 countries. This is achieved by way of a credit against Singapore tax payable for foreign tax paid on the same income. In the absence of a tax treaty, a Singapore tax resident may not be given credit for income repatriated from non-Singapore income.

17. *Withholding taxes.*

Certain payments (eg. Interest, royalties, technical fees, consultancy fees, management fees, director's remuneration, etc.) made to non-residents of Singapore will attract Singapore withholding tax. The normal Singapore withholding tax rates are 20% or 15% (depending on the nature of payment) unless mitigated or exempt under a tax treaty.

18. The tax withheld must be paid to the Comptroller within 15 days from the date of payment, failing which late payment penalties will be imposed. Date of payment is defined as being the earliest of the following dates:

- When payment is due and payable based on agreement or contract.
- When payment is credited to the account of the non-resident (reinvested, accumulated, capitalized or carried to any reserve) or any other account however designated.
- The date of actual payment.

19. *Conclusion.*

The above opinion is based on current laws and subsidiary legislations of Singapore.

Yours faithfully,

Chia Shih Ching James

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22. EXPERT'S REPORT ON THE PREVAILING REGULATIONS ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS AND THE RELEVANT LAWS AND REGULATIONS OF AUSTRALIA

(Prepared for inclusion in the Prospectus)

Tel 61 2 8233 9500 Fax 61 2 8233 9555
www.daslaw.com.au

6 June 2006

DIBBS ABBOTT STILLMAN | LAWYERS

Favelle Favco Berhad
Lot 586 & 597, 2nd Mile
Jalan Batu Tiga Lama, 41300 Klang
Selangor Darul Ehsan
MALAYSIA

Attention: The Directors

Dear Sirs

FAVELLE FAVCO CRANES PTY LIMITED ACN 067 562 449 ("Cranes") AND FF MANAGEMENT PTY LIMITED ACN 069 664 277 ("Management")
Our Ref: PR/3269830
Your Ref: SD2824.32/AGS

I refer to your letter dated 3 August 2005 and thank you for your instructions relating to this matter.

I confirm that you have requested us to provide you with a statement regarding the law in Australia in relation to the following:

- policies relating to foreign investment and repatriation of profits as well as the expected timeframe in which profits are to be repatriated to Malaysia;
- the ownership of title to securities/assets by both Cranes and Management in Australia;
- the enforceability of agreements, representations and undertakings given by counterparties under the laws of Australia; and
- any other matters that in our opinion may be relevant.

This opinion has been prepared for inclusion in the prospectus of Favelle Favco Berhad ("**FFB**") in conjunction with their listing on the Second Board of Bursa Malaysia Securities Berhad.

I have not reviewed any contracts that either Cranes or Management have entered into, carried out any due diligence or indeed spoken with any representative of either company. I have not therefore addressed the request for the third dot point above, relating to the enforceability of

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specific agreements, rather, this letter deals with the general law regulating contracts in Australia.

1. CORPORATE STRUCTURE

We have undertaken searches on the Australian Securities and Investment Commission's ("**ASIC**") databases in relation to both Cranes and Management. The following information is based on the information provided to us by ASIC on 29 May 2006.

1.1 Favelle Favco Cranes Pty Limited

(a) Cranes is a registered Australian proprietary company limited by shares.

(b) Its current registered office is 28 Yarrunga Street, Prestons, NSW, 2170.

(c) The directors of Cranes are Shenandoah Shin Kwek Chong, Ngan Boon Mac and Chung Hui Mac and the company secretary is Loy Chin Lee.

(d) Cranes has issued 5,400,000 shares all of which are fully paid to Favelle Favco Berhad.

(e) There are no current charges recorded in the ASIC Australian register of charges.

1.2 FF Management Pty Limited

(a) Management is a registered Australian proprietary company limited by shares.

(b) Management's current registered office is at 28 Yarrunga Street, Prestons, NSW, 2170.

(c) The directors are Shenandoah Shin Kwek Chong and Ngan Boon Mac and according to the ASIC search no company secretary has been appointed.

(d) Two fully paid ordinary shares have been issued to Favelle Favco Cranes Pty Ltd.

(e) There are no current charges recorded in the ASIC Australian register of charges.

2. BACKGROUND ON FOREIGN INVESTMENT IN AUSTRALIA

Australia's foreign investment policy aims are to encourage foreign investment consistent with the needs of the Australian community. Inflow of capital from offshore supplements domestic savings and provides the economic stimulus for increased economic activity and employment. In addition, foreign capital provides access to new technology, management skills and overseas markets.

Foreign investment in Australian companies, businesses, assets and real estate is governed by legislation which has been passed by the federal parliament known as the Foreign Acquisition and Takeovers Act 1975 ("**FATA**"). In September 1999 the commonwealth government announced changes to its foreign investment policy designed to reduce notification obligations.

A "foreign person" (as defined in the FATA) must give notification of a proposed investment in Australia to the Foreign Investment Review Board ("**FIRB**"). FIRB is the body within the federal treasury responsible for reviewing foreign investment proposals and advising the federal treasurer in relation to them. The federal treasurer has ultimate responsibility for administering Australia's foreign investment policy and for making decisions in relation to proposals.

FIRB encourages prospective investors to discuss proposals with it in order to identify and resolve any issues before any proposal is formally submitted for approval. Sometimes, proposals which do not fully comply with the policy guidelines may nevertheless be allowed to proceed subject to certain conditions.

A "foreign interest" may be a natural person who does not ordinarily reside in Australia, or any corporation, business or trust where a non-resident individual or foreign corporation (and any associates) have 15% or more of the voting power or ownership, or where 2 or more non-resident individuals or foreign corporations (and any associates) have 40% or more of the voting power or ownership in aggregate.

3. BACKGROUND TO THE REGULATION OF COMPANIES IN AUSTRALIA

3.1 Corporations Act 2001 and ASIC

The Corporations Act 2001 (Cth) commenced on 15 July 2001 and is a result of the states referring the relevant powers in relation to corporations, corporate regulation and financial products and services to the federal parliament. The Corporations Act 2001 retains the same provision numbers as the previous Corporations Law.

The ASIC is the regulatory body for companies. Its role is to ensure that companies and their directors comply with the rules and laws set out in the Corporations Act 2001 and other related legislation as well as the common law. The ASIC has significant investigative powers to assist it to perform its functions. For instance, it can conduct special investigations into the affairs and dealings of a company and it can recommend criminal charges against company officers where its investigations have revealed serious breaches of the law.

The Corporations Act 2001 contains a set of rules for the internal management of a company (for example, rules relating to the conduct of meetings). Some of these rules are mandatory for all companies. Other rules in the Corporations Act 2001 are replaceable rules. These replaceable rules do not apply to:

(a) a single shareholder/single director company; or

(b) a company that had a constitution before the introduction of the replaceable rules regime (1 July 1998) and has not repealed it.

A company does not need a separate constitution of its own but can simply rely on the rules contained in the Corporations Act 2001. Many companies, however, adopt constitutions to displace, modify or add to the replaceable rules.

3.2 Disclosure Requirements

The Corporations Act 2001 requires both local subsidiaries and branch offices of foreign companies to provide the ASIC with information on a continuous and regular basis. Any changes in the company's details including changes in its directors, secretaries, principal officers, registered office branch office, when the company issues or creates certain kinds of charges and so on must be notified.

More importantly, annual returns must be filed with the ASIC and these returns may include certain financial statements relating to the company. These are available for public inspection at any time. These are the records referred to in Section 1 of this report.

4. TAXATION

Australian taxes are imposed at the federal, state and local levels of government. These guidelines focus on federal and state taxes.

Federal taxes come in direct and indirect forms. Income tax is a direct tax and is currently administered under the Australian Income Tax Assessment Act 1936 ("**Tax Act**") and associated legislation, rulings and regulations. The Governments Taxation Law Improvement Project has resulted in parts of the Tax Act being redrafted into the Australian Income Tax Assessment Act 1997 (the "**1997 Tax Act**"). However, this initiative has lost momentum in recent years. As a result, both the 1936 and 1997 Tax Acts continue to operate concurrently.

Income tax is payable on an annual basis, on ordinary and on statutory income, including capital gains. Ordinary income includes salary or wages, business profits, dividends and interest. Capital Gains Tax ("**CGT**") is income tax imposed on capital gains (see page 19).

A resident of Australia is generally subject to income tax on assessable income from all sources, that is, worldwide, income.

A non-resident is subject to income tax on income earned from Australian sources including, in most cases, gains on the disposal of Australian assets. Certain types of income paid to non-residents are subject to the withholding tax rules. The source of income is mainly a matter of fact to be determined according to principles developed by the courts.

4.1 Companies

Australian companies pay tax on their taxable income at the rate of 30%. Australian resident companies may pay to their shareholders either franked or unfranked dividends. A franked dividend is broadly paid out of profits upon which the company has paid tax. The payment of franked dividends essentially allows companies to pass on to its shareholders the benefit of tax paid by the company.

Losses incurred by a company can be deducted only from future income of the company. They are not distributed to shareholders. There are rules preventing companies from trafficking in losses.

4.2 Consolidation

With effect from 1 July 2002, 100% owned groups of Australian companies can elect to consolidate and be treated as a single entity for tax purposes. The main features of the consolidation regime are set out below:

(a) the head entity will prepare and lodge a single income tax return for the group;

(b) all intra-group intra-transactions (including distribution of income) will be ignored for income tax purposes;

(c) all assets of the subsidiary entities will be deemed to be acquired by the head entity; and

(d) all losses, franking credits and foreign tax credits will be pooled and remain with the head entity.

To consolidate, a group must generally consist of an Australian resident head company and all its resident wholly-owned subsidiaries. A subsidiary may be a partnership, a fixed trust or non-fixed trust, but the head must always be a company.

There are special rules allowing for consolidation of the wholly-owned subsidiaries of common foreign holding companies. In this instance, one of the subsidiary companies will act as the head company.

The existing company grouping provisions include:

(a) loss transfers between group companies;

(b) transfers of assets between group companies;

(c) inter-corporate dividends rebates; and

(d) groups which do not elect to consolidate will not be able to utilise the existing grouping concessions as these provisions will be subject to specific transitional provisions repealed from 1 July 2003.

4.3 **Capital gains**

Capital gains from certain events, mainly disposal (**"CGT Events"**), occurring in respect of assets acquired by resident taxpayers after 19 September 1985 are liable to CGT. Capital gains are included in the taxable income of a company. Non-residents are also liable to CGT on capital gains from CGT Events occurring in respect of assets which include:

(a) land or a building in Australia;

(b) asset used at any time in carrying on a business in Australia;

(c) a share, or an interest in a share, in an Australian resident company which is a private company at the time the CGT Events occurs;

(d) a share, or an interest in a share in an Australian resident company which is a public company for the year in which the CGT Event occurs, where the non-resident or associate of the non-resident beneficially owned at least 10% of the issued share capital of the company at any time during the 5 years before the CGT Event occurs; and

(e) an interest in a unit trust that is resident for the year the CGT Event occurs, and in which the non-resident beneficially owned at least 10% of the issued units in the trust at any time during the 5 years before the CGT Event occurs.

The amount of capital gain subject to income tax is the excess, if any, of the consideration received or deemed to have been received in respect of the CGT Event over the cost or deemed cost of the asset. For an asset acquired before 21 September 1999, cost is indexed for inflation if the asset was held for at least 12 months. Indexation does not apply if the consideration for the sale is less than cost (unindexed).

There are currently significant concessions for CGT Events occurring on or after 21 September 1999. Only a proportion of the capital gains derived by individuals, trusts and retirement funds on assets acquired on or after that date are subject to CGT if the individual, trust or retirement fund held the assets for at least 12 months. The proportion liable to CGT is 50% for individuals and trusts, and 67% for retirement funds. These concessions are not available to a company.

Further CGT concessions for business assets are available to small businesses with a net asset value of not more than A$5 million (to increase to A$6 million 1 July 2006) provided they satisfy certain other requirements. These further concessions are available to individuals, companies, trusts and partnerships.

Capital losses may only be offset against future or current year capital gains. However, ordinary losses can be offset against capital gains and income. There are rules restricting the utilisation of capital losses.

4.4 **Thin capitalisation**

Up until 1 July 2001, the Tax Act contained restrictions on the availability of deductions for interest paid by an Australian resident enterprise on debts owed to a non-resident or prescribed dual resident holding at least 15% interest in the enterprise being a company, partnership or trust estate. The restrictions had the effect of allowing deductions for interest to the extent that the debt does not exceed a permitted ratio of debt to equity. The permissible ratio of debt to equity was 2:1. For a financial institution, the ratio was 6:1. On 1 July 2001 these rules were replaced.

From 1 July 2001, new thin capitalisation rules apply to both inbound and outbound investors. The new rules apply to all debts of the investor instead of only related party interest bearing debts. The level of debt is measured against assets rather than equity of the enterprise. For non-financial institutions, the acceptable level of debt will be 75% of assets ("**Safe Harbour Test**").

If the Safe Harbour Test is not met, the alternative test ("**Arm's Length Debt Amount**") may be used. The Arm's Length Debt Amount is the notional amount which, having regard to certain facts and assumptions:

(a) would be the amount representing the maximum amount of debt the enterprise would be expected to have throughout the year; and

(b) unrelated commercial lenders would reasonably be expected to have entered into arrangements that would give rise to debt interests under terms and conditions that would reasonably be expected to apply if the notional lenders were dealing on an arm's length basis with the enterprise.

The concept of control for inbound investors will also be changed to adopt a 40% control by non-residents, with alternative control tests also applying. The new control tests are less restrictive than the old control test which deems foreign control at 15%.

The new thin capitalisation regime was released in conjunction with new rules regarding the characterisation of instruments as debt or equity based on a substance over form approach. The debt and equity distinction will also be relevant in determining the tax treatment of instruments. Broadly, the returns on equity interests will be frankable but not deductible. Conversely, the returns on debt interests will be deductible but not frankable.

4.5 **Transfer pricing**

The Tax Act contains provisions imposing arm's length standards to transactions under international agreements between separate legal entities, and between members of multinational entities. These provisions have anti-tax avoidance purposes and operate to prevent enterprises from shifting profits out of Australia by overpricing or underpricing goods or services supplied or acquired by resident entities, or by non-resident entities deriving income from Australian sources.

4.6 **Exchange Control**

The Reserve Bank of Australia administers the exchange controls regulations within Australia. However most exchange controls have been repealed in recent years. This has effectively meant that there are now no restrictions on the repatriation of profits from an Australian subsidiary to an overseas parent.

The Financial Transaction Reports Act 1988 (formerly the Cash Transaction Reports Act 1988) was introduced by the Federal Government to counter tax evasion, the cash economy and money laundering. Effectively all transactions, other than exempt transactions, must be reported.

Reportable transactions which the Act encompasses include:

(a) cash dealings – currency transactions exceeding $10,000;

(b) transfers of Australian currency or foreign currency (exceeding $10,000 in value) into or out of Australia;

(c) suspect transactions.

The reporting requirements are imposed on cash dealers as defined and the public generally and solicitors.

Non-Residents and entities with foreign interest may make direct investments and establish new businesses in Australia. There are however some restrictions on foreign investment and some proposals by foreign interests require prior approval by the Foreign Investment Review Board ("**FIRB**"), a non statutory body which advises the Government on foreign investment policy and its administration. The Government's foreign investment policy is framed and administered with a view to encouraging foreign investment and ensuring that such investment is consistent with the needs of Australia.

The types of proposals by foreign investors requiring prior approval include:

(a) significant overseas holdings in large Australian businesses;

(b) establishment of large new businesses;

(c) acquisitions of interests in urban land;

(d) investment in specific industries such as banking, media, mineral production.

4.7 **Double taxation treaties**

Australia has entered into tax treaties with 46 countries for the prevention of double taxation and fiscal evasion. If these treaties conflict with the Tax Act, the treaties prevail.

These treaties apply to various types of income derived by residents of one country from sources in that country. The thrust of these treaties is to give the country in which an entity is resident the right to impose tax on the income of the resident regardless of the country of source. Alternatively, a treaty allows the country of source to tax the income and, to the extent that the country of residence also taxes the income, the treaties require the country of residence to give a credit for the tax paid in the country of source.

Australia and Malaysia are parties to a double taxation treaty which has recently been amended with changes to the existing treaty coming into force July 2003 and July 2004.

Australian sourced income from interest, unfranked dividends and royalties derived by a Malaysian entity are subject to withholding tax at the following rates:

Dividends	
Withholding Tax Rate	**Unfranked Dividends, Interest and Royalties**
15%	Not earned under the *Labuan Offshore Business Activity Tax Act*
30%	Earned under the *Labuan Offshore Business Activity Tax Act*

Franked dividends to Malaysia are not subject to an Australian withholding tax.

4.8 **Other taxes**

(a) **Fringe Benefits Tax**

The fringe benefits tax ("**FBT**") is a federal tax administered under the Fringe Benefits Tax Assessment Act 1986. FBT is payable by employers on the value of fringe benefits provided to either their employees or associates of their employees. The fringe benefits may also be provided by associates of employers, or any other person under an arrangement with the employer or an associate of the employer. For a benefit to be a fringe benefit, it must be provided to an employee (or associate) in respect of employment. The value of the fringe benefit is not taxable to the employee.

The most common types of fringe benefits are:

(i) cars made available to employees for their private use;

(ii) interest free or low interest loans to employees;

(iii) discounted or free goods and other property provided to employees; and

(iv) residential accommodation provided to employees.

The FBT rate is currently 46.5%, being the highest marginal tax rate for individuals from 1 July 2006, increased by Medicare levy of 1.5%. FBT is calculated on the grossed-up value of the fringe benefit resulting in an effective FBT rate of approximately 92% of the value of the fringe benefit. This rate increases to approximately 102% in relation to taxable fringe benefits which entitle the employer to a tax credit for the GST (see Goods and Services Tax) included in the costs of providing the fringe benefits.

The real after tax cost of providing fringe benefits is reduced by the tax deductions which may be claimed by the employer for both:

(i) the cost of providing the fringe benefit; and

(ii) the fringe benefits tax incurred by the employer.

The FBT year is a 12-month period commencing on 1 April and ending on 31 March.

There are significant concessions available to employers for fringe benefits provided to expatriates and employees of certain charitable, religious and public benevolent institutions.

(b) **Goods and Services Tax**

A 10% goods and services tax ("**GST**") is imposed and administered under the A New Tax System (Goods and Services Tax) Act 1999 ("**GST Act**"). There are some supplies that are GST-free or input taxed.

Liability for GST arises when a business registered or required to be registered for GST purposes makes a taxable supply to its customers. The supplier does not have statutory rights to recoup the GST from its customer, however, the supplier may, by contract, recoup the GST from its customer.

Except in certain circumstances including where the recipient of the supply is not registered for GST or the supplier acquires the goods or services for making an input taxed supply, the recipient of a supply is generally eligible to obtain a tax credit ("**Input Tax Credit**") for any GST included in its cost of acquiring goods or services for its business. The Input Tax Credit is usually offset against any GST liability on goods or services that the recipient supplies to its own customers. The entitlement to an Input Tax Credit is intended to exclude the GST paid on acquisitions from the costs of carrying on a business. It is intended that the tax is borne by the ultimate consumer who consumes the goods or services for private purposes and who is not entitled to an Input Tax Credit.

Input taxed supplies are specifically identified in regulations to the GST Act and are not liable for GST when made. The GST included in the costs of acquiring goods and services for making input taxed supplies is not eligible for an Input Tax Credit. The main types of input taxed supplies are financial services, used residential property and residential rent. Some supplies of financial services are eligible for a partial Input Tax Credit.

There is a range of supplies that are specified in the GST Act as GST-free. The main types of GST-free supplies are exports, food, health, education, international travel and certain charitable activities. A supplier of GST-free supplies can claim Input Tax Credits for the GST included in the costs of its acquisitions for making GST-free supplies.

Suppliers pay their GST liability to the Australian Taxation Office either quarterly or monthly depending on the size of the turnover of the supplier.

There are registration requirements under the GST Act. Registration is compulsory if the entity's annual turnover is A$50,000, or more than A$100,000 in the case of a non-profit body. The registration requirement applies to all types of enterprises carrying on business, including individuals, companies, trusts, partnerships, or unincorporated associations. We assume that Cranes and Management are registered for GST purposes.

4.9 **Some Important State and Territory Taxes**

(a) **Duties**

Each state and territory imposes duty on certain transactions. These include conveyances of real and personal property, leases, declarations of trust and sales of businesses. The rates of duty vary between the states and territories. The rates vary depending on the nature of the transaction.

(b) **Payroll tax**

Employers are liable to pay payroll tax at a fixed percentage of their total annual payroll. Payroll tax rates and the thresholds above which payroll tax becomes payable vary from state to state and from year to year. The rates range from 3.65% to 6.85% with some states having graduated rates. The thresholds vary from A$456,000 to A$900,000.

(c) **Land tax**

Land tax is levied by each state and is paid on the value of lands situated within that state and owned by an entity. There are certain types of land and types of taxpayers that are exempt from land tax, for example, the principal place of residence of an individual is exempt from land tax.

4.10 **Other Obligations by Businesses**

Businesses and in particular employers are liable to pay imposts in relation to their employees.

(a) **Compulsory Workers' Compensation Insurance**

Each State has legislation requiring employers to provide insurance cover for their employees. As the arrangements vary from State to State, employers obtain workers compensation insurance from various insurance providers.

(b) **Superannuation**

Employers must make contributions to Australian resident regulated funds of a prescribed minimum amount for their employees. The minimum rate of contribution from 1 July 2002 is 9% employee's gross salaries (subject to a maximum threshold).

Employers failing to provide the minimum superannuation support are liable to pay a "superannuation guarantee charge" (a tax) to the Australian Taxation Office to meet the requirements. This failure also results in penalties and interest charges being payable. The superannuation guarantee charge is not an allowable deduction for income tax purposes.

Employers of some temporary resident employees are not required to contribute superannuation.

(c) **Regional headquarters**

Regional headquarters of multinational corporations enjoy certain concessions. These concessions include:

(i) exemption from dividend withholding tax for certain foreign source dividends passed through a resident regional headquarter to a non-resident shareholder of the regional headquarter;

(ii) a deduction for capital and revenue costs incurred in setting up facilities in Australia, that are mainly for the provision of regional headquarters support; and

(iii) a deduction for reimbursement of capital and revenue costs of the regional headquarters which were previously incurred by a non-resident associated company.

Costs in relation to feasibility studies, acquiring tangible assets, or relocation of a regional headquarter between locations within Australia are excluded from the concessions.

(d) **Research and Development (R&D) Concessions**

(i) A 125% or 175% deduction is allowable for wages, salaries, other labour costs and expenditure incurred directly on R & D activities and for certain payments to approved outside bodies. The deduction is subject to a threshold of A$20,000.

(ii) For the first income year commencing after 30 June 2001, companies that increase their R&D expenditure to a level that is more than their average level of the past three years may claim a 175% deduction rate for the amount of additional expenditure.

(iii) A 100% deduction in equal instalments over 3 years is allowable on R & D building expenditure.

(iv) Expenditure incurred on or after 29 January 2001 on R & D plant is deductible at 125% of the expenditure over the effective life of the plant while it is being used for R&D activities.

(v) A 100% deduction is allowable for expenditure in acquiring rights to existing "core technology" subject certain restrictions.

The concessions are available to companies incorporated in Australia including certain types of partnerships. There is a requirement to register with the Industry Research and Development Board in relation to the year in which the expenditure is incurred.

5. OTHER LEGISLATION AND COMMON LAW REGULATING BUSINESS IN AUSTRALIA

5.1 Common Law and enforceability of Contracts

Whilst there is a considerable amount of legislation regulating the way different types of contracts are interpreted and enforced, by far the majority of regulation and enforcement of contracts is based on the common law of Australia.

In Australia, contracts that are not prohibited by statute or against public policy are generally enforceable. Following UK common law, consideration is still an integral requirement for the enforceability of a contract in Australia. Thus the basic components of an enforceable agreement under Australia contract law are: offer, acceptance, consideration and an intention to create a legal relationship between the parties. A contract to a which a corporation is a party must be executed by a duly authorised officer of that corporation.

5.2 **Ownership of Assets in Australia**

Generally speaking anyone may own assets in Australia although in the case of securities in some listed corporations, the Australian Government regulates the permitted foreign ownership levels and subsequent control of the corporation. These situation are reviewed on a case by case basis and there is no definitive rule that may be applied. This is particularly the case where competition is significantly reduced or there may be a subsequent reduction of Australian employment.

Apart from the above, overseas entities are not subject to additional requirements or legislative restrictions than Australian entities in their ownership of assets in Australia.

5.3 **Restrictive Trade Practices**

The principal statute regulating trade practices and anti-trust arrangements in Australia is the Trade Practices Act 1974. Because of constitutional restrictions on the federal parliament to legislate in the area of trade practices, it has been necessary for the states to enact corresponding legislation.

The legislation is aimed at regulating certain types of conduct which have an adverse effect on competition. The aim is to ensure greater competition and efficiency in the marketplace for the benefit of consumers and business generally.

Certain conduct is deemed to be undesirable regardless of its effect on competition and is accordingly outlawed altogether. In some cases (eg: where the benefit to the public would outweigh the anti-competitive effect of the conduct), Australian Competition and Consumer Commission which administers the Trade Practices Act, will sanction (or "authorise") a proposed activity which would otherwise contravene the legislation.

Examples of the types of conduct which are prohibited but only if such conduct would result in a substantial lessening of competition include certain exclusive dealing arrangements, secondary boycotts and mergers or acquisitions which enable a corporation to dominate a market and contracts or arrangements or understandings which aim at or result in a substantial reduction in competition. On the other hand, conduct which is prohibited - regardless of competitive effect - includes re-sale price maintenance, certain secondary boycotts, misuse of market power, price fixing arrangements and some kinds of exclusive dealing.

The Trade Practices Act now also prohibits unconscionable conduct in connection with commercial transactions involving the supply or acquisition of goods or services with the value of less than A$1 million.

The states have also enacted legislation dealing with other aspects of consumer protection, such as the provision and regulation of consumer credit, the safe design and construction of goods, door-to-door sales, second hand motor vehicle sales, delivering unsolicited goods and services and pyramid selling.

5.4 **Intellectual Property Legislation**

Federal legislation provides for the recognition, registration and protection of intellectual property rights.

The Trade Marks Act 1995 allows registration of trademarks and service marks, initially for a period of 10 years, but these are able to be renewed. The basic requirements for registrability of trademarks are that the name or mark be distinctive and that it not be identical or deceptively similar to any prior trademark which is registered or in the process of registration. The current legislation allows the registration of words, names, labels, brands, sounds and shapes capable of being represented graphically or in symbols. This is consistent with international trends prompted by the GATT negotiations.

Patented inventions are protected under the Patents Act 1990 which confers on the patentee the exclusive right to make, use and sell the invention for a period of 20 years from the date of the patent. A patentee must demonstrate that his "invention" is indeed novel and useful before a patent is granted.

Design features or products may qualify for protection under the Designs Act 1906 allowing the registered proprietor of the design exclusive rights to make, use or sell the design as it applies to the relevant products, for a period of up to 16 years. The person seeking registration of the design will need to demonstrate that the design is new or original.

Copyright is protected under the Copyright Act 1968 if its requirements are satisfied. Unlike the other types of intellectual property, registration is not required for the owner of the copyright to be afforded the protections, rights and remedies under the Copyright Act. There is no formal system of registration of copyright in Australia.

Please let us know if you need us to elaborate on any of the issues raised in this letter.

Kind regards
Dibbs Abbott Stillman

Peter Ludemann
Partner
Email: peter.ludemann@daslaw.com.au
Direct Line: 61 2 8233 9569

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23. EXPERT'S REPORT ON THE PREVAILING REGULATIONS ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS AND THE RELEVANT LAWS AND REGULATIONS OF DENMARK

(Prepared for inclusion in the Prospectus)

KROMANN
REUMERT

LAW FIRM

5 SUNDKROGSGADE
DK-2100 COPENHAGEN Ø
DENMARK
TEL +45 70 12 12 11
FAX +45 70 12 13 11
DIR + 45 38 77 44 53
JLM@KROMANNREUMERT.COM
WWW.KROMANNREUMERT.COM

6 June 2006
165985 SRP/skj
Doc no: 11321865-1

Board of Directors
Favelle Favco Berhad
Lot 586 & 597
2nd Mile
Jalan Batu Tiga Lama
41300 Klang
Selangor Darul Ehsan

Dear Sirs

LEGAL OPINION REGARDING KRØLL CRANES A/S, DENMARK

We act as counsel for Krøll Cranes A/S (the "Subsidiary"), a Danish public limited company, which is a 100% owned subsidiary of Favelle Favco Berhad (the "Company"). We have been requested by you to deliver this opinion in connection with the proposed listing of the Company on the Second Board of Bursa Malaysian Securities Berhad (the "Listing").

We have considered the following:

(a) (i) policies relating to foreign entities investment in Denmark; and

(ii) repatriation of profits and expected timeframe in connection thereto;

(b) the ownership of title to the shares in the Subsidiary and to securities/assets held by the Subsidiary;

(c) the enforceability of agreements, representations and undertakings given by counter parties; and

(d) other relevant legal matters.

This report is prepared for inclusion in the prospectus of the Company in relation to the Listing.

1. For the purpose of this opinion we have not received nor reviewed any documentation relating to the Listing or relating to the Subsidiary.

KROMANN REUMERT

2. Based on the foregoing assumption and subject to the qualifications below, we are of the opinion with respect to Danish law regarding the matters mentioned above under (a) – (d):

RE (a):

(i) Policies relating to foreign investment:

There are no general restrictions on investments made by foreign entities in the Subsidiary or repatriation of profits from the Subsidiary to foreign entities other than those indicated below.

(ii) Repatriation of profits and expected timeframe in connection thereto:

Generally, profits earned by the Subsidiary can be paid out in accordance with Danish Companies Act (Consolidated Act no 1001 in 2004) (the "Companies Act") as either (I) dividend, (II) cash in connection to a reduction of share capital, or (III) with regards to Public Limited Companies in liquidation; liquidation proceeds or dividend;

As regards to (I) dividend, only free reserves can be declared as dividend. Consequently some reserves may not be available for distribution according to the Companies Act or the company's Articles of Association.

Payment of dividend by a Public Limited Company can be made at the annual general meeting in connection to the adoption of the annual report once a year. Further the Companies Act provides for that the shareholders at a general meeting may authorise the board of directors to decide to distribute extraordinary dividend. Consequently, such payments may now take place several times each year.

The authorisation of the board to distribute extraordinary dividend payments has to be incorporated in the Articles of Association, and the authorisation can only have effect until the next ordinary general meeting - at which meeting the authorisation may be renewed.

In the event of extraordinary dividend payments, interim accounts shall be prepared. Such accounts shall at least be "reviewed" by the auditor(s) of the company. Furthermore, the board members have to sign a statement declaring that the extraordinary dividend payment is justified taking into consideration the current financial position of the company.

Generally there are no obstacles to payment of dividend, and they may be distributed shortly after the annual general meeting providing for a payment of dividend or - with respect to extraordinary dividends - after the decision by the board of directors to pay out such dividend, provided the board has been given authorisation to distribute extraordinary dividend by the general meeting.

Should such an authorisation not already exist the distribution of extraordinary dividend will have to await the adoption of a resolution by the general meeting providing for such authorisation. A general meeting may normally be held 8 days after notice has been given unless a longer minimum notice period is otherwise provided for in the articles of association of the company. However, as the Subsidiary is a 100 % owned by the Company the right to receive notice can be waived and, thus, an extra ordinary general meeting can be held within a shorter period of time than stipulated above. A decision by the board of directors to distribute extraordinary dividend can be made as soon as the granting of the authorisation by the general meeting has been published by the DCCA.

Distribution of (II) cash by way of a reduction of share capital can be carried out provided that a resolution to this effect is adopted by the general meeting. The Companies Act requires in this respect that a statutory notice in the Danish Official Gazette calling all creditors to file their claims within a 3-month-period be filed and that such period has lapsed. Further, before payments can be made it is requirement under the Companies Act that filed and due claims are fulfilled, and adequate surety has been provided for as regards to none-matured or contested claims.

In a Public Limited Company in liquidation distribution of cash (III) by way of liquidation proceeds or payment of dividend can be made. The Companies Act requires in this respect that a statutory notice in the Danish Official Gazette calling all creditors to file their claims within a 3-month-period be filed and that such period has lapsed. Further, before payment of liquidation proceeds can be made it is requirement under the Companies Act that all debt has been paid and contested claims settled. Similar rules to those described under (I) above with regards to extraordinary dividend applies to dividend paid out during the winding-up proceedings, however with certain exemptions and limitations.

Profits distributed from a Danish company to a foreign shareholder may be subject to 28% withholding tax. However, in most tax treaties the Danish withholding tax on dividends is reduced. Withholding tax may in some instances not apply on dividends paid to a foreign parent company. However to what extend withholding tax applies depends on the applicable tax treaties between Malaysia and Denmark.

RE (b):

All shares in Public Limited Companies, and, thus, the shares in the Subsidiary, are freely transferable unless the Articles of Association or a shareholders agreement provide otherwise.

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Public Limited Companies must keep a register of all shares in the company and if shares are required by the company's Articles of Association to be registered shares, the shareholder's name must be recorded.

Under the Companies Act a shareholder of registered shares is protected against a transferor's creditors from the time of receipt by the company of a notification on such transfer from the transferee. The same applies as to third parties claims of ownership to such shares, provided that the transferee was in good faith as to the claims of ownership at the time of receipt by the company of the abovementioned notification.

Under Danish law there are generally no restrictions on the ownership of securities/assets or transfer of ownership to security/assets, unless such security/assets are (A) subject to a right of pledge or otherwise encumbered as surety, whether according to a judgement or agreement, (B) subject to bankruptcy, compulsory liquidation proceedings, insolvency or similar legislation affecting the right of property, (C) subject to other contractual limitations, or (D) third party rights of ownership.

RE (c):

Agreements, representations and undertakings entered into by the Subsidiary with (I) a physical person that has legal capacity or (II) with an entity on behalf of which the persons acting have authority to bind such entity, are generally enforceable according to their wording before Danish courts provided that such agreements, representations or undertakings (A) do not violate existing Danish legislation or principles of law, (B) are not invalidated by the Danish Contracts Act (Consolidated Act no. 781 of 1996) or principles of law due to (i) threat of imminent violence or other coercion by a contracting party, (ii) fraudulent behaviour by a contracting party, (iii) the failing of prerequisites essential to the agreement, (C) are not interpreted narrowly or invalidated by Danish courts as a result of the agreements being against principles of good moral/good faith, (D) have not been entered in to by a party with invalidated consent.

3. This opinion is subject to the following additional qualifications:

   1. The above statements are of a general nature and accordingly cannot fully be relied upon in specific matters. Accordingly, facts pertaining to a specific matter or a review of specific documents can result in that the above statements do not apply in such respect.

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2. The binding effect or enforceability of the obligations of the parties under the agreements may be limited by liquidation, insolvency, bankruptcy, suspension of payment or other laws affecting creditors' rights in general.

3. Claims may become barred under statutes of limitation or principles of passivity.

4. The enforceability of claims and court decisions ordering the payment of money in a currency other than Danish currency is subject to the Danish Bankruptcy Act, which provides for the conversion of such foreign currency debt into Danish currency on the date of the commencement of such bankruptcy proceedings (in Danish "dekretdag").

5. A Danish court may deliver judgments expressed in foreign currencies, but such judgment can generally only be enforced by a Danish enforcement court in Danish Kroner calculated at the rate of exchange at the date of enforcement.

6. With regard to the jurisdiction a Danish court shall stay or – if appropriate – dismiss the proceedings if concurrent proceedings involving the same cause of action and between the same parties are instituted before the courts of another state, which is a party to the Brussels Convention. Similarly, a Danish court may stay or – if appropriate – dismiss the proceedings if related proceedings are instituted in one of these states.

7. Any opinion as to the enforceability of the agreements relates only to their enforceability in Denmark in circumstances where the competent Danish court has and accepts jurisdiction.

8. Irrespective of the comments under 2 (a) above please be advised that we do not express an opinion with regards to tax-, VAT - or excise-issues and the opinion cannot be relied upon with respect to those issues.

We are qualified to practise law in the Kingdom of Denmark.

This opinion is governed by Danish law.

This opinion is issued solely for the benefit of yourself and may not be relied upon or used by any other person or entity without our written consent.

Yours faithfully
Kromann Reumert

Sven Rosenmeyer Paulsen

24. EXPERT'S REPORT ON THE PREVAILING REGULATIONS ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS AND THE RELEVANT LAWS AND REGULATIONS OF THE UNITED STATES OF AMERICA

(Prepared for inclusion in the Prospectus)

ATTORNEYS & COUNSELORS
901 Main Street, Suite 6000
Dallas, Texas 75202
(214) 953-6000 • fax (214) 953-5822
www.jw.com

JACKSON WALKER L.L.P.

Byron F. Egan
(214) 953-5727 (Direct Dial)
(214) 661-6627 (Direct Fax)
began@jw.com

June 8, 2006

Board of Directors
Favelle Favco Berhad
Lot 586, 2nd Mile
Jalan Batu Tiga Lama
41300 Klang
Selangor Darul Ehsan
Malaysia

Re: U.S. Law Legal Opinion Regarding Favelle Favco Cranes (USA), Inc.

Dear Sirs:

We have acted as special Texas counsel for Favelle Favco Cranes (USA), Inc., a corporation organized and existing under the laws of the State of Texas ("*Texas*") in the United States of America ("*U.S.*"), which we have been advised is a wholly owned subsidiary (the "*Subsidiary*") of Favelle Favco Berhad, a public limited company organized and existing under the laws of Malaysia (the "*Company*"). This opinion has been prepared for inclusion in the prospectus of the Company which has been submitted for registration with the Securities Commission of Malaysia on June 8, 2006 in conjunction with its listing on the Second Board of the Malaysian Securities Exchange.

ASSUMPTIONS

In rendering this opinion, we have assumed, with your consent and without any independent investigation, all of the following:

1. The Subsidiary was duly incorporated under the Texas Business Corporation Act, as amended (the "*TBCA*"), by filing articles of incorporation with the Secretary of State of Texas on September 3, 1997, and those articles of incorporation have not been amended or changed since such filing. The Subsidiary has complied with all of the requirements of the TBCA in connection with its organization and has issued all of its outstanding shares of capital stock to the Company, all of which shares are validly issued, fully paid and nonassessable and for which the Company paid to the Subsidiary not less than an aggregate of $1,000.

2. The Subsidiary has not elected to be governed by the Texas Business Organizations Code, as amended (the "*TBOC*").

Austin
Dallas
Fort Worth
Houston
Richardson
San Angelo
San Antonio

Member of GLOBALAW ℠

3. The Subsidiary has filed all state and federal franchise, income and other tax returns required to be filed by it in Texas, any other state in which it is required to file tax returns and the U.S. The Company is not required to file, and has not filed, any state and federal franchise, income and other tax returns in Texas, any other state or the U.S.

4. The Subsidiary is engaged solely in the design, manufacturing, supply, servicing, trading and rental of cranes, and is not engaged in any business related to the national security of the U.S. (collectively, the "*Business*").

5. The Subsidiary is solvent and is not involved in any bankruptcy, insolvency or reorganization proceedings.

6. As a public limited company organized and existing under the laws of Malaysia, the Company is not subject to the jurisdiction of the U.S. under any of the Foreign Corrupt Practices Act of 1977, as amended, the Export Administration Act of 1979, as amended, and the Foreign Assets Control Regulations promulgated thereunder and other export control or antiboycott laws and regulations of the U.S.

OPINION

Based upon the foregoing and having due regard for the legal considerations we deem relevant, and subject to the further qualifications and limitations hereinafter set forth, we are of the opinion that:

(1) Laws Relating to Foreign Investment. There are no legal restrictions under the laws of Texas or the U.S. on investments made by foreign entities in the Subsidiary or the repatriation of profits from the Subsidiary to the Company other than those generally discussed below.

(2) Corporate Law Restrictions on Distributions by Subsidiary to Company. Under the TBCA, the board of directors of a Texas corporation may authorize, and the corporation may make, a distribution to its shareholders unless (i) after giving effect to the distribution, the corporation would be insolvent, or (ii) the distribution exceeds the corporation's surplus. For purposes of the TBCA, (x) "*distribution*" means a transfer of money or other property (except its own shares or rights to acquire its own shares), or issuance of indebtedness, by a corporation to its shareholders in the form of: (a) a dividend on any class or series of the corporation's outstanding shares, (b) a purchase, redemption, or other acquisition by the corporation, directly or indirectly, of any of its own shares or (c) a payment by the corporation in liquidation of all or a portion of its assets; (y) "*insolvency*" is used in the equity sense of the inability of a corporation to pay its debts as they become

due in the usual course of its business, rather than in the bankruptcy sense of the failure of total assets to equal total liabilities; and (z) "*surplus*" is defined as the excess of the value of the net assets of the corporation over the par value of its outstanding stock (stated capital). The TBCA recognizes that financial statements prepared in accordance with generally accepted accounting principles for financial reporting in the U.S. ("*GAAP*") are one measure, but not the exclusive measure, of a corporation's solvency and surplus. The TBCA permits distribution financial determinations to be made on the basis of a combination of financial statements prepared in accordance with GAAP, projections and fair market valuations.

Under the TBCA the board of directors of a corporation has the responsibility for the declaration and payment of distributions, and the related determinations of solvency and surplus. There are serious personal consequences to directors who authorize an unlawful distribution: directors who vote for or assent to a wrongful distribution are jointly and severally liable to the corporation for the excess of the amount distributed over the amount permitted to be distributed. The TBCA, however, provides that a director is not liable for a wrongful distribution if the director relied, in good faith and with ordinary care, upon the financial statements, projections, fair market valuations and other information upon which reliance is authorized by TBCA and which are prepared or presented by officers or employees of the corporation, legal counsel, public accountants, investment bankers, or other persons as to matters the director reasonably believes are within the person's professional or expert competence.

The TBCA surplus and solvency determinations generally should be made as of a date within 120 days before the distribution. For the purposes of determining shareholders entitled to receive a distribution, the board of directors may fix in advance a record date not more than 60 days prior to the date of distribution. The declaration of a distribution converts the amount of the distribution from an asset of the corporation into an obligation.

Almost all jurisdictions in the U.S. have statutory provisions relating to fraudulent conveyances or transfers. The Texas version of the Uniform Fraudulent Transfer Act, which is Chapter 24 of the Texas Business and Commerce Code ("*TUFTA*"), generally provides that a "*transfer*" is voidable by a creditor if the transfer is made (i) with actual intent to hinder, delay or defraud a creditor <u>or</u> (ii) if the transfer leaves the debtor insolvent or undercapitalized, and is not made in exchange for reasonably equivalent value. If a distribution were to constitute a fraudulent transfer under TUFTA, the distribution could be avoided by a court to the extent necessary to satisfy creditors' claims, the funds or other assets distributed could be attached, a receiver could be appointed to take charge of the stock, the distribution could be enjoined, or the court could exercise any other equitable relief as the circumstances may require. Courts have wide discretion in fashioning an appropriate remedy under TUFTA. Whether or not provisions of TUFTA would be violated by a distribution is a fact question.

(3) Tax Withholding Requirements. If distributions are paid on shares of Subsidiary stock owned by the Company, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds current and accumulated earnings and profits, it will constitute a return of capital that is applied against and reduces, but not below zero, the Company's adjusted federal income tax basis in its common stock in the Subsidiary. Any remainder will constitute gain on disposition of the stock. Such gain should not be subject to U.S. federal income taxation unless the Subsidiary is or has been a "U.S. real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the Company held the stock in Subsidiary. Generally, a corporation is a "U.S. real property holding corporation" if the fair market value of its "U.S. real property interests" equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business.

In general, any distributions made by the Subsidiary to the Company with respect to the Company's shares of stock that constitute dividends for United States federal income tax purposes will be subject to a U.S. federal withholding tax at a rate of 30%, or a lower rate under an applicable income tax treaty. Presently, there is no applicable income tax treaty between Malaysia and the United States; therefore, the full 30% rate will apply to dividend distributions from Subsidiary to Company. If Subsidiary is a U.S. real property holding corporation, special withholding rules apply with respect to distributions exceeding the Subsidiary's current and accumulated earnings and profits.

The foregoing discussion assumes that the Company is not engaged in the conduct of a trade or business in the U.S.

(4) Anti-Money Laundering/Terrorism Measures. Executive Order 13224 (the "*Order*") and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "*Patriot Act*") are two measures which have been enacted in the U.S. to deal with terrorism and money laundering activities, and they may be summarized as follows:

(a) The Order provides that "*U.S. Persons*" (which is defined to include all U.S. citizens and permanent resident aliens regardless of where they are located, all persons and entities within the U.S. and all U.S. incorporated entities and their foreign branches, and would include the Subsidiary) must comply with regulations issued by the U.S. Office of Foreign Assets Control ("*OFAC*"), and may not enter into a transaction or dealing with persons (an individual or entity (any partnership, association, corporation or other organization, group or subgroup)) or countries listed in OFAC Specially Designated Nationals and Blocked Persons List (the "*SDN List*"). "*Transaction*" and "*dealing*" include the making of any contribution of funds, goods or services to or for the benefit of those listed on the SDN List ("*SDN's*"). These regulations are written broadly and may include the following property: goods, deposits, fund transfers, loans, letters of credit contract, drafts and negotiable shipping documents. The regulations potentially cover all types of transactions including wire transfers, opening of new accounts, cashing and depositing checks and drafts, purchases of cashiers' checks or money orders, dispensing of loan proceeds, accepting loan payments, entering contracts with vendors and service providers, and employer/employee relationships (i.e. the payment of money by the employer to the employee in exchange for the employee's services provided to the employer). The Order prohibits any U.S. Person (including the Subsidiary) from engaging in a transaction with an SDN. Based on our review of the SDN List dated June 1, 2006, none of the Subsidiary, the Company nor Malaysia was on the SDN List as a specially designated national or blocked person.

(b) The Patriot Act requires that all "*Financial Institutions*" implement anti-money laundering programs, customer identification programs, share information with financial institutions and the federal government, report certain money transactions and, in certain instances, suspicious activities. "*Financial Institutions*" is broadly defined in the Patriot Act to include any bank; currency exchange; issuer, redeemer, or cashier of travelers' checks, checks, money orders, or similar instruments; operator of a credit card system; insurance company; dealer in precious metals, stones, or jewels; loan or finance company; travel agency; licensed sender of money or any other person who engages as a business in the transmission of funds; business engaged in vehicle sales, including automobile, airplane and boat sales; any business which engages in activities similar to those engaged in by the businesses described above; and any other business designated by the U.S. Secretary of the Treasury whose cash transactions have a high degree of usefulness in criminal, tax or regulatory matters. Assuming that the Subsidiary is not a Financial Institution, it should not be restricted by the Patriot Act.

(5) <u>Enforceability of Agreements, Representations and Undertakings Made by Other Persons or Entities ("*Counterparties*") to the Subsidiary under Texas Law</u>. Agreements, representations and undertakings (as used herein, "*undertakings*" means commitments, covenants or obligations) made by other persons or entities ("*Counterparties*") to the Subsidiary which are governed by Texas law are generally enforceable by the Subsidiary under Texas Law, subject to limitations under (a) applicable

bankruptcy, insolvency, reorganization, arrangement, fraudulent transfer, moratorium or other laws affecting creditors' rights generally; (b) general equitable principles and the availability of equitable remedies, as such, in connection with the enforcement of rights granted under such agreements, representations and undertakings, including, but not limited to, specific performance, and the effects of the application of principles of equity (regardless of whether enforcement is considered in proceedings in law or in equity); (c) other applicable federal and state laws, statutes, ordinances, rules, regulations, judicial decisions and constitutional requirements which may delay, but should not materially diminish, the practical realization of the enforceability of the obligations or remedies provided by such agreements, representations and undertakings; (d) such duties as the counterparty may have to act reasonably and in good faith, (e) laws, such as the statute of frauds, which require certain types of agreements, representations and undertakings to be in a certain form, contain certain language or be in writing, and (f) legal rules, regulations and court decisions that provide that any such agreement, representation or undertaking is against the public policy of Texas, provided that in each such instance the counterparty has the legal capacity, power and authority and is duly authorized to enter into such agreement, representation or undertaking, and that the person signing any such agreement, representation or undertaking has legal capacity and has been duly authorized to sign. Subject to the rules of bankruptcy, instruments that provide for payment to Subsidiary in currencies other than U.S. currency may be paid in U.S. currency at the bank-offered spot rate in effect for the purchase of Dollars at the place of payment on the day on which the instrument is paid. There are no current U.S. controls on currency exchange or repatriation of capital, except as specifically addressed in this opinion. Judgments in foreign currency sought to be enforced in Texas are subject to the Texas Uniform Foreign Country Money-Judgment Recognition Act, and under the Federal Bankruptcy Code, a claim in foreign currency is to be converted into U.S. Dollars as of the date of filing of the bankruptcy action.

(6) Ownership of Assets and Title to the Securities of the Subsidiary. Except as otherwise provided in this opinion, there are no limitations under Texas or U.S. law upon ownership by the Company of shares of the Subsidiary and there are no requirements under either Texas or U.S. law that domestic persons or entities own any shares of the Subsidiary. Under the TBCA the Subsidiary generally has the power to own assets and conduct its Business and to issue authorized shares of its capital stock to the Company for valuable consideration fixed by its board of directors. There is no requirement under the TBCA that directors or officers of the Subsidiary be citizens of the U.S. or Texas or that meetings of its board of directors or shareholders be held in Texas or the U.S.

(7) Other Relevant Matters. The Subsidiary, as a Texas corporation doing business in Texas and either importing from, exporting to or doing business with

companies in nations other than the U.S., and any of its subsidiaries or affiliates that it controls that are organized in jurisdictions other than the states of the U.S. or the U.S., may also be subject to and be required to comply with the following: (a) the International Investment and Trade in Services Survey Act of 1976, as amended, and the regulations promulgated thereunder, which require, *inter alia,* that a report be filed by a U.S. enterprise or a U.S. affiliate of a foreign person when there is any investment in such U.S. business enterprise resulting in foreign ownership of 10% or more of its voting interests, (b) the Agricultural Foreign Investment Disclosure Act of 1978, as amended, and the regulations promulgated thereunder, which require, *inter alia,* the filing of a report upon acquisition or transfer by a foreign person of U.S. agricultural land, (c) the Foreign Corrupt Practices Act of 1977, as amended, and the regulations promulgated thereunder, which prohibit, *inter alia,* the payment of bribes to foreign governmental officials to obtain or retain business or obtain an unfair advantage in its business, (d) the Export Administration Act of 1979, as amended, and the Foreign Assets Control Regulations promulgated thereunder, as amended, which regulate, *inter alia,* the export of goods and services from the U.S. and prohibit dealings with specified persons or entities or nations, (e) other applicable export control or antiboycott laws and regulations, including the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, which regulate and sanction transactions with specified nations and persons or entities located in those nations, (f) other regulations promulgated and administered by the OFAC, which regulate and sanction, *inter alia,* certain dealings with certain nations, and (g) the Customs Modernization Act, as amended, and the Tariff Act of 1930, as amended, and the regulations promulgated thereunder, and multilateral trade agreements to which the U.S. is signatory and which have been ratified by the U.S. Senate, all of which deal with, *inter alia,* the import of good and services into the U.S.

FURTHER QUALIFICATIONS AND LIMITATIONS

The opinions expressed above are expressly subject to the following qualifications and limitations:

(a) We express no opinion as to (i) the specific remedy that any court or other authority or body might grant in connection with the enforcement of rights under any document or undertaking, as to the availability of equitable remedies, as such, in connection with the enforcement of such rights, or as to the effects of the application of principles of equity (regardless of whether enforcement is considered in proceedings in law or in equity) or (ii) the application of any securities laws to any of the transactions contemplated by any document or undertaking.

(b) We have reviewed the filings made by the Subsidiary with the Secretary of State of Texas as available on the website of the Secretary of State of Texas on June 1, 2006. We have not reviewed any corporate records of the Company or the Subsidiary or made any other investigation into the affairs of the Company or the Subsidiary, and have relied solely upon the Assumptions set forth above and our consideration of the laws of the U.S. and Texas that we deemed relevant. We express no opinion as to the accuracy or adequacy of any disclosures in the Prospectus.

(c) We are members of the Bar of the State of Texas. This opinion relates only to the laws of the State of Texas and the U.S. as currently in effect, and we express no opinion with regard to any matters that may be governed or affected by any other laws.

(d) This opinion is limited solely to the matters stated herein and no opinion is to be inferred or may be implied beyond the matters expressly stated herein.

The opinions expressed herein are solely for the benefit of you and your counsel in connection with the proposed listing of the Company on the Second Board of the Malaysian Securities Exchange and may not be used or relied upon by any other person or entity or for any other purpose whatsoever. The opinions expressed herein are as of the date first set forth above, and we do not assume or undertake any responsibility or obligation to supplement or to update such opinions to reflect any facts or circumstances which may hereafter come to our attention or any changes in the laws which may hereafter occur.

Very truly yours,

JACKSON WALKER L.L.P.

By:______________________
Byron F. Egan

BFE:lkh

25. STATUTORY AND GENERAL INFORMATION

25.1 Share capital

(a) No shares will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus. However, FFB intends to issue Options which carry the rights to subscribe for new FFB Shares pursuant to the ESOS. Further details of the ESOS are disclosed in Sections 5.3 and 20 of this Prospectus.

(b) Save for the Public Issue Shares reserved for subscription by Directors and eligible employees of FFB and its subsidiaries as disclosed in Section 2.5 of this Prospectus and the ESOS as disclosed in Sections 5.3 and 20 of this Prospectus, there is currently no other scheme involving the Directors and employees of FFB and its subsidiaries in the share capital of the Company or its subsidiaries.

(c) Save as disclosed in Sections 5.2, 5.3, 5.4, 5.6 and 20 of this Prospectus, no capital of the Company or any of its subsidiary companies have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash and the consideration for which the same has been or is to be issued, within the two (2) years preceding the date of this Prospectus.

(d) Save as disclosed in Sections 5.2, 5.3, 5.4, 5.6 and 20 of this Prospectus, no capital of the Company or any of its subsidiary companies have been or are proposed to be issued for cash as partly or fully paid-up, the price and terms upon which the same has been or is to be issued, within the two (2) years preceding the date of this Prospectus.

(e) Save for the ESOS as disclosed in Sections 5.3 and 20 of this Prospectus, no person or employee has been or is entitled to be given an option to subscribe for any share, stock or debenture of the Company or its subsidiaries.

(f) As at the date of this Prospectus, neither the Company or any of its subsidiaries has any outstanding convertible debt securities.

25.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association.

The terms defined in the Company's Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

(a) Transfer of securities

<u>*Article 25*</u>

(1) Subject to these Articles, the Rules, the Central Depositories Act, the Listing Requirements and rules of the Exchange any Member may transfer all or any of this shares by instrument in writing in the form prescribed and approved by Exchange, the Act, and/or the Central Depositories Act as the case may be.

(2) Subject to the Central Depositories Act and the Rules, the instrument of transfer of any share shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members and/or the Record of Depositors as the case may be in respect thereof.

Article 26

The transfer of any securities or class of securities of the Company, which have been deposited with the Central Depository, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C of the Act, and any exemption that may be made from compliance with Section 107C of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.

Article 27

The Central Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act, the Listing Requirements and the Rules.

Article 28

The transfer books and the Record of Depositors and debenture holders may be closed for such periods as the Directors think fit and not exceeding in the whole 30 days in each year provided that 12 clear market days notice of intention in a local daily newspaper circulating in Malaysia and any intention to fix a books closing date and the reasons thereof, stating the books closing date shall be at least 12 clear market days after the date of the announcement to the Exchange or such number of market days which the Exchange may stipulate from time to time. The transfer books and Record of Depositors may be closed for the purpose of determining persons entitled to dividends, interest, or new securities, or rights to a priority of application for issue of securities. The Company shall request the Central Depository in accordance with the Rules to issue a Record of Depositors as at a date not less than 3 market days before the occurrence of the related event.

Article 29

Subject to the provisions of these Articles the Directors may recognise a renunciation of any share by the allotee thereof in favour of some other persons.

Article 30

In the case of the death of a member, the executors or administrators of the deceased, shall be the only persons recognised by the Company as having any title to his interest in the shares.

Article 31

Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Rules and subject as hereinafter provided, elect either to be registered as the transferee thereof, but the Central Depository shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death or bankruptcy. Subject to the Rules, the Act, the Central Depositories Act and the Exchange Listing Requirements, a transfer of the share may be carried out by the person becoming so entitled.

Article 32

If any person so becoming entitled shall elect to be registered himself he shall deliver or send to the Company a notice in writing signed by him and stating that he so elects provided that where the share is a Deposited Security and the person becoming so entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Central Depository. If he shall elect to have another person registered he shall testify his election by executing to that other person a transfer of the share. All the limitations, restrictions and provisions of the Rules relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

Article 33

Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt.

Article 34

(1) Where (if applicable) -

(a) the shares of the Company are listed on an Approved market Place; and

(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such shares,

the Company shall, upon request of a shareholder, permit a transmission of shares held by such shareholder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:-

(i) there shall be no change in the ownership of such shares; and

(ii) the transmission shall be executed by causing such shares to be credited directly into the securities account of such shareholder.

Where (1)(a) and (1)(b) are fulfilled, the Company shall not allow any transmission of shares from the Malaysian Register into the Foreign Register.

Article 35

The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of the notice) on or before which the payment required by the notice is to be made and the place where payment is to be made and shall state that in the event of non-payment of such call or instalment, or such part as aforesaid, and all interest and expenses that have accrued by reason of such non-payment at or before the time and at the place appointed, the share in respect of which such call was made will be liable to be forfeited.

Article 36

(1) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter before the payment required by the notice has been made be forfeited by a resolution of the Directors to that affect. A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture notwithstanding that they shall have been declared.

(2) When any share has been forfeited in accordance with these Articles notice of the forfeiture shall within fourteen (14) days of such forfeiture be given to the holder of the share or to the person entitled to the share by transmission as the case may be, and an entry of such notice having been made, and of the forfeiture with the date thereof shall forthwith be made in the register of members opposite to the share.

Article 37

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding be liable to pay the Company all calls made and paid on such shares at the time of forfeiture and interest thereon to the date of payment in the same manner in all respects as if the shares had not been forfeited and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the share at the time of forfeiture without any deduction or allowance for the value of the shares at the time of forfeiture.

Article 38

The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company except only such of those rights and liabilities as are by these Articles expressly saved or as are by the Statues given or imposed in the case of past members.

Article 39

A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Notice of sale or disposal shall be sent to the holder of the shares sold or disposed of within fourteen (14) days of the date of sale or disposal.

Article 40

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

Article 41

(1) The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and authorise some person to execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and he shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, or disposal of the share. Any residue of the proceeds of sale of shares which are forfeited and sold or disposed of, after the satisfaction of the unpaid calls or instalments payable at fixed times and accrued interest and expenses, shall be paid to the person entitled to the shares immediately before the forfeiture thereof or his executors, administrators, or assignees or as he directs.

(2) The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any such which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

(b) Directors remuneration

Article 89

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine. Provided always that:-

(i) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(ii) Salaries payable to Directors who hold an executive office in the Company may not include a commission on or percentage of turnover;

(iii) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;

(iv) Any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 90

(1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.

(2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) and such remuneration may be either in addition to or in substitution for his share in the remuneration from time to time provided for the Directors. Any extra remuneration payable to a non-executive Director shall not include a commission on or percentage of profits or turnover.

Article 110

Any Director who is appointed to any executive office including the office of Chairman or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine but not a commission on or percentage of turnover.

(c) Voting and borrowing powers of Directors

Article 112

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act.

Article 113

(1) (a) A Director shall not vote in respect of any contract or arrangement in which he is interested whether directly or indirectly and if he should do so his vote should not be counted, nor shall he be counted in the quorum present at the meeting but neither of these prohibitions shall apply to:-

(i) any arrangement for giving any Director any security indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(ii) to any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself has assumed responsibility in whole or in part under guarantee or indemnity or by the deposit of a security and these prohibitions may at any time be suspended or released to any extent, and neither generally or in respect of any particular contract, arrangement or transaction, by the Company in General Meeting.

(b) Subject always to Section 131 and 132E of the Act a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or any arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided nor shall a Director so contracting or being so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

(c) A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other Company or whereat the Directors resolve to enter into or make any arrangement with him or on his behalf pursuant to Article 108 of the articles, or whereat the terms of any such appointment or arrangements as herein-before mentioned are considered he may vote on any such matter other than in respect of the appointment or arrangements with himself or the fixing of the terms thereof.

(d) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, providing that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

(e) A general notice that a Director, alternate Director or Managing Director is a member of or interested in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be a sufficient disclosure under this clause as regards such Director and the said transaction and after such general notice it shall not be necessary for such Director to give any special notice relating to any particular transaction with such firm or corporation.

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(2) A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporations such manner and in all respect as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

(d) Changes in capital and variation of class rights

The following provisions of the Company's Articles of Association relating to the changes in capital and variation of class rights, which are as stringent as those provided for in the Companies Act, 1965 and/or the Listing Requirements, are as follows:

Article 4

(1) Without prejudice to any special rights previously conferred on the holders of any existing shares or classes of shares and subject to the Act and to these Articles the shares shall be under the control of the Directors who may allot and issue the same to such persons and on such terms and conditions with such preferred, deferred or other special rights or such restrictions whether in regard to dividend voting, or return of share capital and either at a premium or otherwise and at such time or times as the Directors subject to any Ordinary Resolution of the Company may think fit but the Directors in making any issue of shares shall comply with the following conditions:-

(i) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;

(ii) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than five per centum (5%) of the nominal amount of the share;

(iii) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;

(iv) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the members of the Company in general meeting;

(v) every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in such issues of shares or options unless:-

(a) the members in general meeting have approved of the specific allotment to be made to such Director; and

(b) he holds office in the Company in an executive capacity Provided Always that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities.

(2) Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any one time and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or on a proposal to wind up the Company or during the winding up of the Company or sanctioning a sale of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months. Preference shareholders shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.

Article 6

If at any time the share capital of the Company by reason of the issue of preference shares or otherwise is divided into different classes of shares, the repayment of such preference shares other than redeemable preference shares and all or any of the rights and privileges attached to each class (unless otherwise provided by the terms of issue of the shares of that class) may subject to the Act be varied, modified commuted dealt with affected or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class but not otherwise. To every such separate General Meeting the provisions of these Articles relating to General Meetings of the Company and to proceedings thereat shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any two holders of shares of the class present in person or by proxy shall be a quorum). Provided however that in the event of the necessary majority not having been obtained in the manner aforesaid consent in writing may be secured from members holding at least three fourths of the issued shares of the class and such consent if obtained within two months from the date of the separate General Meeting shall have the force and validity of a special resolution duly carried by a vote in person or by proxy.

Article 48

The Company may by Ordinary Resolution:-

(a) Increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

(b) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares.

(c) Cancel any shares which at the date of the passing of the resolution have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of shares so cancelled.

(d) Sub-divide shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

Article 49

The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required by law.

25.3 Promoters, Directors and substantial shareholders

(a) Save as disclosed in Section 8 of this Prospectus, none of the Directors or substantial shareholders of FFB has any interest in any contract or arrangement, which is significant in relation to the business of the Company or the FFB Group taken as a whole subsisting as at the date of this Prospectus.

(b) Save as disclosed below and in Sections 6.2.4 and 8 of this Prospectus, there is no other amount or benefit paid or intended to be paid or given to any promoter, Director or substantial shareholder within two (2) years preceding the date of this Prospectus.

The FFB Group has paid to MEB (the Offeror and Promoter) an amount of approximately RM1.34 million and RM1.28 million for the FYE 2004 and 2005, respectively, being the amount paid for the rental of factory and cranes.

(c) Save as disclosed in Sections 3.17 and 6.1.1 of this Prospectus, so far as known to FFB, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over the Company and its subsidiaries.

25.4 Material litigation, claims or arbitration

As at 23 May 2006, save as disclosed below, no company within the FFB Group is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of FFB or any of its subsidiary companies and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of FFB or any of its subsidiary companies:

(a) Al Habtoor-Fletcher-Murray & Roberts Joint Venture & five (5) others ("Plaintiffs") v. FFA ("Defendant")

On 9 February 2004 proceedings were commenced in the Supreme Court of New South Wales against FFA by Al Habtoor-Fletcher-Murray & Roberts Joint Venture, Al Habtoor Engineering Enterprises Co LLC, Fletcher Construction Company (Overseas) Limited, Murray & Roberts Construction Limited, Dutco Balfour Beatty LLC and WS Akins & Partners Overseas Limited as a result an accident at a construction site in Dubai on 10 February 1998. The Plaintiffs' solicitors have as at 4 February 2004, quantified the loss suffered at approximately USD1,236,810.

Notification of the claim has been made to FFA's insurers. Solicitors acting for the insurers' are, at present, representing FFA in the proceedings, which are still pending. Solicitors acting for FFA's insurers have also filed a cross claim against Ninion Pty Limited, the company that made the allegedly faulty crane parts. Witness statements have recently been filed by the Plaintiffs and both the Plaintiffs and the solicitors acting for the insurers are in the process of preparing and filing experts reports.

FFA has confirmed that should it be held liable for the total or a portion of the damages, such liability would be borne by its insurers. As the matter is being handled exclusively by the insurer's solicitors, the Board is unable to provide an opinion on the outcome of this case.

(b) FFU ("Plaintiff") v. Joseph D. Kirkland, Cynthia A. Kirkland and John Kirkland, Individually and d/b/a Third Party Inspection Co. ("Defendants")

On 22 November 2003, FFU commenced proceedings in the District Court of Cameron County, Texas asserting a claim of negligence, breach of contract and fraud arising out of its contract with the third defendant, Third Party Inspection Co., to perform ultrasonic and magnetic particle tests in relation to certain tower legs. The tower legs did not pass re-inspection of the authorities, despite the certification of Third Party Inspection Co. that the tower legs complied with the relevant regulation. The sum claimed will only be quantified once summary judgement has been made in favour of FFU. The management of FFU is however of the opinion that the sum claimed would be in the region of USD500,000. The matter remains pending at the District Court of Cameron County and hearing dates have yet to be scheduled. The Board is unable to provide an opinion on the outcome of this case as the matter is still at a preliminary stage.

(c) Lisa Doyle (as Administratrix of Estate of Dermot Power and Lisa Doyle, Guardian of Jake Colton Doyle (an infant under the age of fourteen years) ("Plaintiff") v. Kiska Construction Corp. ("Kiska") and A.J. Pegno Construction Corp./ Tully Construction Co. Inc, a joint venture ("Defendants"); and A.J. Pegno Construction Corp./ Tully Construction Co. Inc, a joint venture v. Budco Enterprises, Inc ("Budco") and FFU (as "Third Party Defendants")

On 16 July 2004, the Plaintiff filed a summons in the Supreme Court, New York County of New York to commence an action against the Defendants for the alleged negligence of the Defendants which resulted in wrongful death of Dermot Power, whilst he was performing construction work at the premises in which the Defendants were general contractors. The Defendants subsequently named Budco and FFU as Third Party Defendants for the following reasons:

(i) Dermot Power was an employee of Budco and the Defendants had entered into a contract with Budco for the performance of certain services at the above premises; and

(ii) FFU as the manufacturer of the tower crane involved in the accident.

The Plaintiff is claiming for damages for, inter alia, medical bills, funeral expenses, pain and suffering and a dependency claim in respect of Dermot Power's next of kin. The claim has not yet been quantified. However, the claim has been forwarded to FFU's insurers, whose solicitors have taken conduct of the matter. The suit has since been discontinued against Kiska, as discovery revealed that Kiska was not a general contractor for the subject job. Additionally, the Defendants and Third Party Defendants are seeking to dismiss the action for failure of the Plaintiff to provide information (in the discovery process) and for the Plaintiff's lack of standing to commence the action on behalf of the Estate of Dermot Power.

FFU has confirmed that should it be held liable for the total or a portion of the damages, such liability would be borne by its insurers. As the matter is being handled exclusively by the insurer's solicitors, the Board is unable to provide an opinion on the outcome of this case.

25.5 Material contracts

Save as disclosed below, neither FFB nor its subsidiary companies have entered into any material contract (not being contracts entered into in the ordinary course of business) within two (2) years preceding the date of this Prospectus:

(a) Underwriting agreement dated 31 May 2006 between FFB and RHB Sakura, being the Underwriter, in relation to the underwriting of the Restricted Issue Shares which are available for application by the Entitled Shareholders (excluding the Entitled Shareholders who had given their irrevocable written undertaking to subscribe for their entitlement of Restricted Issue Shares as set out in Section 2.5.1(e)) and 10,100,000 Pink Form Shares which are available for application by the directors and eligible employees of MEB, FFB and its subsidiaries, and persons who have contributed to the success of FFB and its subsidiaries. The underwriting commission is payable by the Company at the rate of 1.75% of the IPO Price per IPO Share.

(b) A placement agreement was entered into between the Company and RHB Sakura on 30 May 2006 wherein RHB Sakura was appointed by the Company as Placement Agent in respect of the Placement Shares at a placement fee of 1.5% of the value of the Placement Shares, amounting to RM18,150. This placement fee is payable by MEB.

25.6 Public take-overs

During the last financial year and the current financial year up to the date of this Prospectus, there were no:

(a) public take-over offers by third parties in respect of the Company's Shares; and

(b) public take-over offers by the Company in respect of other companies' shares.

25.7 Restricted Issue

29,783,520 Restricted Issue Shares are issued by way of a renounceable restricted issue to the Entitled Shareholders on the basis of one (1) new FFB Share for every five (5) existing MEB Shares held as at the Entitlement Date (save for the Excluded Parties) at the IPO Price.

The Restricted Issue is RENOUNCEABLE. Entitled Shareholders who apply for the Restricted Issue Shares will first be allocated the Restricted Issue Shares on the basis of one (1) Restricted Issue Share for every five (5) MEB Shares held PROVIDED THAT such Entitled Shareholders have remitted the required application monies for the Restricted Issue Shares in accordance with the procedures for application and acceptance set out in this Prospectus.

The last date on which transfers were or will be accepted for registration for participation by the Entitled Shareholders on the Restricted Issue is 17 July 2006 at 4.00 p.m..

In determining an Entitled Shareholder's entitlement to the Restricted Issue Shares, any fractional entitlement of the Restricted Issue Shares shall be disregarded. Fractional entitlement, if any, shall be dealt with in such manner as the Board in its absolute discretion deems fit or expedient and in the best interest of the Company.

The approval of the shareholders of MEB for the Flotation Scheme and ESOS had been obtained in an extraordinary general meeting held on 19 May 2006.

25.8 Consents

(a) The written consents of the Financial Adviser, Underwriter, Placement Agent, Principal Bankers, Company Secretaries, Solicitors, Registrar and Issuing House to the inclusion in this Prospectus of their names and all references in the manner, form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

(b) The written consent of the Auditors and Reporting Accountants to the inclusion of their name, Accountants' Report and letters relating to the proforma consolidated financial information and consolidated profit forecast for the FYE 2006 and all references in the manner, form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

(c) The written consent of the Independent Market Research Consultant to the inclusion of its name and the Summary Independent Market Research Report and all references in the manner, form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

(d) The written consent of the Independent Experts to the inclusion of their names and the Expert Reports on the prevailing regulations on foreign investments and repatriation of profits and the relevant laws and regulations of Singapore, Australia, Denmark and the USA and all references in the manner, form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

25.9 Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company during normal business hours for a period of twelve (12) months from the date of this Prospectus:

(a) Memorandum and Articles of Association of the Company;

(b) Reporting Accountants' letter dated 6 June 2006 relating to the proforma financial information included in Section 11 of this Prospectus;

(c) Reporting Accountants' letter dated 6 June 2006 relating to the consolidated profit forecast for the FYE 2006 included in Section 13.6 of this Prospectus;

(d) Accountants' Report dated 6 June 2006 and Directors' Report dated 6 June 2006 included in Sections 14 and 18 of this Prospectus respectively;

(e) The Summary Independent Market Research Report dated 6 June 2006, the extract of which is included in Sections 1, 3, 4 and 5 of this Prospectus and as included in Section 19 of this Prospectus and the Independent Market Research Report prepared by Frost and Sullivan;

(f) Bye-Laws of the ESOS referred to in Section 20 of this Prospectus;

(g) Expert report dated 6 June 2006 on the prevailing regulations on the repatriation of profits and the relevant laws and regulations of Singapore included in Section 21 of this Prospectus;

(h) Expert report dated 6 June 2006 on the prevailing regulations on the repatriation of profits and the relevant laws and regulations of Australia included in Section 22 of this Prospectus;

(i) Expert report dated 6 June 2006 on the prevailing regulations on the repatriation of profits and the relevant laws and regulations of Denmark included in Section 23 of this Prospectus;

(j) Expert report dated 8 June 2006 on the prevailing regulations on the repatriation of profits and the relevant laws and regulations of USA included in Section 24 of this Prospectus

(k) Material contracts referred to in Section 25.5 of this Prospectus;

(l) Writ and relevant cause papers in relation to the material litigation referred to in Section 25.4 of this Prospectus;

(m) Letters of consent referred to in Section 25.8 of this Prospectus;

(n) The audited consolidated financial statements of FFB for the past three (3) financial years ended 31 December 2005; and

(o) Irrevocable undertaking letters dated 23 May 2005 from Tuan Haji Mohamed Taib, Mac Ngan Boon @ Mac Yin Boon, Chew Keng Siew, Mac Chung Lynn, Mac Chung Jin, Mac Chung Hui and Ooi Sen Eng as referred to in Sections 2.5.1(e) and 2.5.3(f) of this Prospectus.

25.10 Responsibility statement

The Directors, Promoters and Offeror have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading. The Directors hereby accept full responsibility for the consolidated profit forecast included in this Prospectus and confirm that the consolidated profit forecast has been prepared based on assumptions made.

RHB Sakura, being the Financial Adviser, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO and is satisfied that the consolidated profit forecast (for which the Directors are fully responsible), prepared for inclusion in this Prospectus has been stated by the Directors after due and careful enquiry and has been duly reviewed by the Reporting Accountants.

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