Since 1967

LFE Corporation Berhad

Registration No.: 200201011680 (579343-A)
(Incorporated in Malaysia)

Building A Sustainable World

ANNUAL
REPORT2021

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MANAGING DIRECTOR'S STATEMENT

Dear Valued Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of LFE Corporation Berhad ("LFE" or the "Group") for the financial year ended 31 December 2021 ("FYE 2021").

CORPORATE HIGHLIGHTS

Financial Review

The Covid-19 pandemic remains as major challenge for the Group's during FYE 2021. The government implemented another Movement Control Order ("MCO") on 1 June 2021 to curb the sharp increase in the number of cases. On the bright side, the country is beginning to show signs of recovery following the effective rollout of the vaccination program in the last quarter of FYE 2021. Progress on the project site began to pick up in late August 2021 after obtaining approval from the relevant authorities. With a strong rebound in the last final quarter, the Group managed to record annual revenue of RM32.9 million for the FYE 31 December 2021 which represents an increase of RM19.5 million or 145% as compared to RM13.4 million in the preceding financial year. Revenue was generated mainly from existing projects in Malaysia, entirely from the Group's core businesses, including the construction, mechanical, electrical and plumbing divisions.

The Group recorded loss from operations of RM11.1 million for the FYE 2021. The higher losses were mainly due to one–off expense incurred for impairment loss on overdue contract asset and receivables total of RM12.6 million.

Further details on the Group's financial performance is set out in the "Management Discussion and Analysis" section of the Annual Report.

Review of Business Operations

During the year, the Group has successfully acquired new subsidiary, Cosmo Property Management Sdn Bhd ("Cosmo"), a construction company to expand the LFE Group's customer base. The Group believes that Cosmo will continue to create synergies with the Group's existing businesses to help increase our market share and improve cost efficiency.

Cosmo contributed RM18 million to the Group's FYE 2021 revenue, which derived from the construction of civil and structural works for a residential building. We expect Cosmo will continue to make significant contribution to the Group's revenue in the coming year.

Another major revenue contribution came from the Group's 4 sub-projects, namely electrical works, fire protection works, hydraulic services and air conditioning and mechanical ventilation ("ACMV") services for residential buildings. These 4 sub-projects contributed approximately RM14 million to the Group's revenue for the financial year.

Future Prospect

In late 2021, the Group entered into a joint venture development agreement with the landowner to develop and build 422 units of single storey terrace houses and 142 units of double storey terrace houses at Kedah. This joint venture project provides LFE with the opportunity to fast-track its entry into the property development sector. The property development division is expected to contribute positively to the Group's revenue and profit from 2022 onwards.

While working on the secured projects, the Group will continue to actively seek and bid for new projects locally and regionally in the areas of mechanical & electrical engineering ("M&E"), plumbing and construction sectors. In addition to growth through organic means, we are also reviewing potential acquisitions that are synergistic in expanding the Group's presence in these key areas. With the completion of the acquisition of Cosmo, it has been demonstrated that such synergies can quickly strengthen the Group's competitiveness in the market.

Sustainability

The Group committed to undertake business in a responsible and sustainable manner and focuses primarily on the Corporate Governance, quality management, economic, environmental and social sustainability.

Corporate Governance

LFE strives to maintain high standards of corporate governance, compliance, business conduct, safety and environmental management which are vital to the Group's performance. We believe that good corporate governance supports long term value creation for our stakeholders. LFE Group has in place a corporate governance structure and processes which are detailed in the Corporate Governance Overview Statement, Statement on Risk Management and Internal Control sections of the Annual Report and Corporate Governance Report.

Acknowledgement

I would like to take the opportunity here to express my deepest appreciation to customer, supplier, contractors, professional service providers, bankers and all other business associates for their continuous support and trust even during such challenging times. My sincere appreciation also goes to our shareholders for the trust and confidence you place in us.

Last but not least, I would like to conclude by thanking my fellow Board members, the management and staff for their dedication and hard work in challenging circumstances. May we continue to work together and forge ahead to achieve sustainable growth and success.

LIEW KIAM WOON
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis is a review of the business and operations, current financial year financial results and conditions, risks and uncertainties and outlook for LFE Corporation Berhad Group ("LFE", the "Group", the "Company") and should be read in conjunction with the Group's audited financial statements and the accompanying notes for the financial year ended 31 December 2021.

FINANCIAL PERFORMANCE

Revenue

For the FYE 31 December 2021 ("FYE 2021"), the Group recorded a consolidated revenue of RM32.9 million, an increase of RM19.5 million or 145% as compared to the previous year's revenue of RM13.4 million.

The increase in revenue was mainly attributable to the newly acquisited subsidiary, Cosmo Property Management Sdn Bhd ("Cosmo"). Cosmo contributed RM 18 mill revenue in FYE 2021, which was entirely from the construction of civil and structural project. The outstanding order book of cosmo as at FYE 2021 is RM 104 million, which provides earning visibility in the coming years.

The sub-project of electrical work, fire protection work, hydraulic service and air conditioning & mechanical ventilation("ACMV")services for the residential building contributed RM 13 mil to the Group's revenue during the year. These sub-projects were delayed by Movement control order ("MCO") implemented on 1 June 2021, which cause all Group's projects and offices to cease operations during this period. Work on the projects resumed at the end of the third quarter, after obtaining approval from the relevant authorities. All sub-projects are expected to be completed in 2022.

Existing projects involve only construction, mechanical, electrical and plumbing services, which are the core businesses and industries of the Group. The property development segment has not yet started to contribute revenue during the year.

Gross Profit Margin (GP)

In FYE 2021, the Group recorded Gross Profit ("GP")of RM6.65 million with a GP margin of 20% compared to last year's GP margin of 15%. The higher cost of sales for the FYE 2021 was in line with the higher revenue contributed by Cosmo. Besides that, the Group recorded a higher gross profit margin as Cosmo's new projects had higher margins than the Group's average project margins. The higher margins recorded on new projects were due to effective cost management and reliable relationships with subcontractors.

Other income

The Group's other operating income decreased from RM1.27 million in FY2020 to RM0.86 million in FY2021. The decrease in other operating income was mainly due to a one-off gain of RM0.91 million from the disposal of a subsidiary in the previous year.

Administration Expenses

For the FYE 2021, the Group's administrative expenses increased slightly by RM0.07 million from RM4.43 million in the FYE 2020 to RM4.68 million in the FYE 2021. Administrative expenses mainly include RM0.7 million for staff related expenses, RM0.73 million for directors' remuneration, RM0.85 million for legal fees and RM0.38 million for depreciation.

The Group recorded higher revenues and managed more projects than in the previous year, but administrative expenses remained at the same relative level. This is a result of effective management control of expenditures and optimization of staffing arrangement.

Share of Profit/(Loss) from Joint Ventures

The Group's share of significant losses from the joint venture amounted to RM1.77 million mainly due to the discount provided to the joint venture's accounts receivable. On November 2021, the joint venture entered into a final settlement agreement with the client providing a discount of 15% of the outstanding amount in exchange for immediate payment.

Other Operating Expenses

Other operating expenses increased from RM0.8 million in FYE 2020 to RM13.8 million in FYE 2021. The significant increase was mainly due to a one-off impairment of contract assets of RM5.2 million and impairment of trade receivables of RM6.8 million. The impairment provision made during the year as the long overdue receivables and changes in the receivables management team lead to the risk of non-recovery of debts increased.

Finance Cost and Gearing

Finance costs decreased from RM0.19 million in FY2020 to RM0.13 million in FY2021 due to the full settlement of advances from joint venture partners during the year. The finance costs for the year were mainly from overdrafts and bankers' acceptances used by Cosmo. The loan facility was fully settled at the end of 2021.

As of 31 December 2021, there were no bank borrowings or overdrafts. The Group's objective in terms of capital management is to ensure that it maintains a good credit rating and to safeguard the Group's ability to continue as a going concern to support its business, maintain market confidence and maximize shareholder value.

Taxation

The tax expense is entirely from the newly acquired subsidiary, Cosmo, which is the only entity within the Group that is subject to income tax and has no tax loss credit from the previous year. The Group has not recognised a deferred tax asset of RM13.36 million as at 31 December 2021 as it is not probable that the relevant subsidiary will have future taxable profits to utilise the benefit thereof.

Investment in Joint Ventures

The Group's share of investment in the joint venture amounted to RM1.17 million as at FYE 2021. Upon receipt of the final settlement of the receivables from the joint venture's client, the joint venture distributed most of the funds to the partners and as a result, LFE received RM18.8 million in cash from the final distribution from the joint venture. The remaining funds are retained in the joint venture for liabilities payable and annual operating expenses.

CONCLUSION

Management has been actively working to improve the Group's profitability and cost control in recent years. The Group's overall balance sheet also continues to improve, and management believes that a strong balance sheet will help the Group to weather this difficult period.

Management will continue to focus on executing and monitoring existing secured projects while actively seeking and bidding for more new projects with good margins. Management is confident that the Group will achieve a turnaround in the near future.

GROUP FINANCIAL HIGHLIGHTS

	FYE 2017 RM	FPE 2018* RM	FYE 2019 RM	FYE 2020 RM	FYE 2021 RM
Revenue	13,379,218	13,751,766	18,855,668	13,429,231	32,875,097
Profit/(Loss) after taxation	(1,697,757)	(10,572,034)	116,867	(1,719,399)	(14,120,101)
Basic earnings/(loss) per share (sen) based on profit attributable to equity shareholders	(0.94)	(5.7)	0.06	(0.77)	(2.64)
Net assets	44,323,330	33,327,467	34,490,570	37,044,000	73,952,299
Net assets per share (sen)	24.41	17.94	16.87	16.49	12.12

* Due to change of financial year end, the financial period cover 17 months.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Liew Kiam Woon
Managing Director

Kok Tong Yong
Executive Director

Goh Chee Hoe
Executive Director

Loo Thin Tuck
Senior Independent Non-Executive Director

YM Tunku Azlan Bin Tunku Aziz
Independent Non-Executive Director

Tng Ling Ling
Independent Non-Executive Director

Lim Say Leong
Independent Non-Executive Director
(Appointed on 24 June 2021)

AUDIT COMMITTEE
Loo Thin Tuck *(Chairman)*
YM Tunku Azlan Bin Tunku Aziz
Tng Ling Ling

REMUNERATION COMMITTEE
Loo Thin Tuck *(Chairman)*
Liew Kiam Woon
Tng Ling Ling

NOMINATION COMMITTEE
YM Tunku Azlan Bin Tunku Aziz *(Chairman)*
Loo Thin Tuck
Tng Ling Ling

RISK MANAGEMENT COMMITTEE
YM Tunku Azlan Bin Tunku Aziz *(Chairman)*
Loo Thin Tuck
Goh Chee Hoe

BOARDROOM SHARE REGISTRARS SDN BHD
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
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46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603-7890 4700
Fax : 603-7890 4670
Website : www.boardroomlimited.com

PRINCIPAL BANKERS
United Oversea Bank (Malaysia) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Name : LFECORP
Stock Code : 7170

PRINCIPAL OFFICES
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98, Jalan Dang Wangi
50100 Kuala Lumpur
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Fax : 603-2694 8833
Website : www.lfe.com.my
Email : info@lfe.com.my

ABU DHABI,
UNITED ARAB EMIRATES
LFE ENGINEERING SDN BHD
- ABU DHABI BRANCH
c/o IJM Construction (Middle East) LLC
Flat#101, Building#U05, Italy
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Email : info@lfe.com.my

COMPANY SECRETARY
Wong Youn Kim (MAICSA 7018778)
SSM Practising Certificate No. 201908000410

AUDITORS
Messrs HLB AAC PLT
(LLP 0022843-LCA & AF 001977)
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Jalan Kolam Air
Off Jalan Sultan Azlan Shah (Jalan Ipoh)
51200 Kuala Lumpur
Wilayah Persekutuan
Tel : 603-4048 2888
Fax : 603-4048 2999

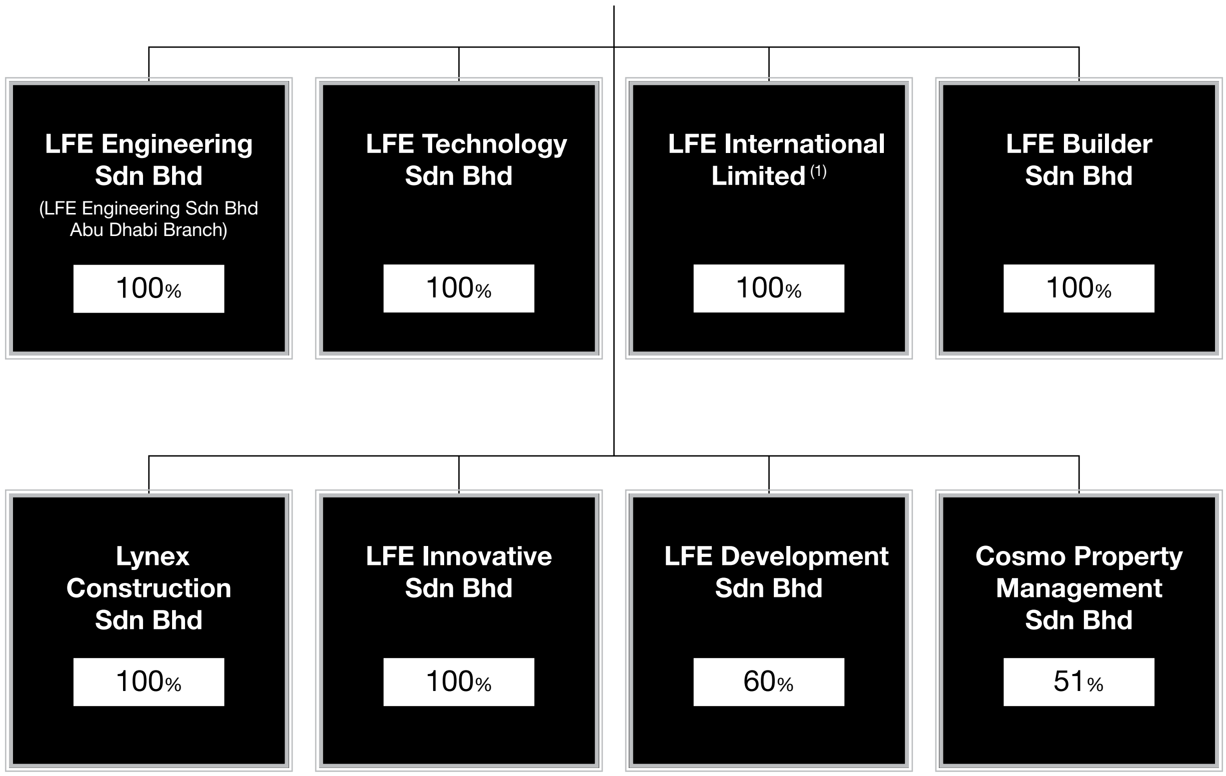
REGISTERED OFFICE
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 603-2241 5800
Fax : 603-2282 5022

GROUP STRUCTURE

Since 1967

LFE Corporation Berhad

[200201011680 (579343-A)]



(1) *Incorporated in The British Virgin Islands*

DIRECTORS' PROFILE

Mr Liew Kiam Woon

Managing Director

Nationality	Malaysian
Gender	Male
Aged	59

Mr Liew was appointed as Executive Director on 15 September 2003 and was subsequently re-designated as Managing Director on 28 September 2010. He is a member of the Remuneration Committee, the Managing Director of LFE Engineering Sdn Bhd ("LFEE") and sits on the boards of subsidiaries of LFE Group. He is also actively involved in Master Builders Association of Malaysia and currently sits in the Council as Vice President.

Mr Liew graduated from the University of Oregon, the United States of America in 1987 with a Bachelor of Arts Degree, majoring in Business Administration and has completed a basic mechanical and electrical engineering course conducted by the Association of Consulting Engineers Malaysia. Upon graduation, he joined MBF Factors Sdn Bhd as a Business Development Executive. In 1990, he joined LFEE as a Project Coordinator and has since then progressed himself to his current position.

Mr Liew is the substantial shareholder of the Company. He does not hold any directorship in other public companies or listed issuers.

Mr Kok Tong Yong

Executive Director

Nationality	Malaysian
Gender	Male
Aged	66

Mr Kok was appointed as Executive Director of the Company on 19 October 2010. He holds a Bachelor of Science (Mechanical Engineering) Degree from the Teesside Polytechnic, UK in 1981 and is a Chartered Professional Engineer with the Institute of Engineers, Australia.

Mr Kok was previously the Chief Operating Officer of LFE Engineering Sdn Bhd, a wholly-owned subsidiary of the Company. He has more than thirty-four (34) years of experience in the construction industry. He joined a consulting firm as design engineer and leading to experiences as a mechanical and electrical engineer. Over the years, Mr Kok served in various managerial positions with established main contractors and developers.

Prior to joining the Company and the Group, he was a Director of Mechanical & Electrical in Ireka Engineering and Construction Sdn Bhd and was responsible for the execution of all mechanical and electrical works that were undertaken by Ireka Group throughout his tenure.

Mr Kok does not hold any directorship in other public companies or listed issuers.

Mr Goh Chee Hoe

Executive Director

Nationality	Malaysian
Gender	Male
Aged	30

Mr Goh was appointed as the Executive Director of the Company on 30 October 2019. He also served as a member of the Risk Management Committee. He is a member of the Malaysian Institute of Accountants and the Association of Chartered Certified Accountants, United Kingdom.

Mr Goh started his career as an audit associate with an international accounting firm and was subsequently promoted to the management level of the accounting firm. His clientele includes both local and international companies from various diversified industries, such as property development, construction, manufacturing, trading, service line and others. He then joined a local commercial entity group as head of finance and gained a wide range of exposure in businesses such as property developer, construction, hotel management, and other corporate matters.

Mr Goh does not hold any directorship in other public companies or listed issuers.

DIRECTORS' PROFILE
(cont'd)

Mr Loo Thin Tuck

Senior Independent Non-Executive Director

Nationality	Malaysian
Gender	Male
Aged	57

Mr Loo was appointed as Independent Non-Executive Director of the Company on 18 May 2009 and was re-designated as Senior Independent Non-Executive Director on 9 January 2020. He also served as the Chairman of the Audit Committee and Remuneration Committee and a member of Risk Management Committee and Nomination Committee.

Mr Loo is an accountant by profession, he is also a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants, the Chartered Tax Institute of Malaysia and Malaysian Association of Company Secretaries. He has more than twenty-five (25) years of extensive experience in the areas of taxation, management, accounting, corporate strategic management, secretarial, auditing and operational management in diverse industry sectors.

Mr Loo is currently the Managing Partner of Loo Thin Tuck & Co. and Managing Director of Infotax Planning Sdn Bhd. He does not hold any directorship in other public companies or listed issuers.

YM Tunku Azlan Bin Tunku Aziz

Independent Non-Executive Director

Nationality	Malaysian
Gender	Male
Aged	54

YM Tunku Azlan was appointed as Independent Non-Executive Director of the Company on 5 October 2009. He also served as the Chairman of the Risk Management Committee and Nomination Committee and a member of Audit Committee.

YM Tunku Azlan is a Chartered Accountant of the Malaysia Institute of Accountants. He started his career in 1996 as a Business Development Officer with Sincere Leasing Sdn Bhd and in 1997, he joined Aseambankers (M) Berhad. In 1999, he was attached with Pengurusan Danaharta Nasional Berhad until 2005. Thereafter, he was the Group Chief Financial Officer of ARK Resources Berhad until 2009.

YM Tunku Azlan joined Shapadu Engineering Sdn Bhd in 2010 as a Chief Financial Officer and in 2015 was promoted as Chief Executive Officer of Shapadu Marine Sdn Bhd; position he held until March 2019. He was appointed to the Board of Scomi Group Berhad and Sin Heng Chan (Malaya) Berhad since 2020 and 2021 respectively as an Independent Non-Executive Director.

Ms Tng Ling Ling

Independent Non-Executive Director

Nationality	Malaysian
Gender	Female
Aged	38

Ms Tng was appointed as the Independent Non-Executive Director of the Company on 30 October 2019. She holds a Diploma, major in Accounting cum London Chamber of Commerce & Industry (LCCI). She also served as a member of Audit Committee, Remuneration Committee and Nomination Committee.

Ms Tng has more than sixteen (16) years of considerable experience throughout her career from financing and accountancy and management consultancy work. With the wide experience and exposure, she is now the founder of H Boutique Hotel Management Group ("H Boutique") and responsible for the finance & account, human resources, sales & marketing and customer & investor relationship, financial planning, market analysis of the Group. H Boutique also appointed as consultant by other hotels to provide consultancy services in respect of pre-openings, management and training for hotel staff.

Ms Tng does not hold any directorship in other public companies or listed issuers.

Mr Lim Say Leong

Independent Non-Executive Director

Nationality	Malaysian
Gender	Male
Aged	53

Mr Lim was appointed as Independent Non-Executive Director of the Company on 24 June 2021.

Mr Lim obtained his CIMA Professional Accountancy Qualification with the Chartered Institute of Management Accountants (CIMA) United Kingdom and was admitted as a Member of the Institute in 1995. He was also registered as a Chartered Accountant with the Malaysian Institute of Accountants (MIA). Mr Lim was admitted as an Associate Member of the Chartered Tax Institute of Malaysia and received his Masters of Business Administration from Edinburgh Business School, Heriot-Watt University, United Kingdom.

He was appointed as Group Chief Executive Officer and Group Executive Director of Denko Industrial Corporation Berhad in 1999. In 2004, he became a partner in Sunneveld Bakery Bistro Sdn Bhd, a food and beverage chain business and disposed his business in 2009. Subsequently, he joined Yen Global Berhad as Group Chief Executive Officer. Upon leaving Yen Global Berhad, he co-founded Everise Concepts PLT in 2010 and was appointed as the Executive Director.

Mr Lim had served as both a committee member of CIMA Penang Branch and the Federation of Malaysian Manufacturers (FMM) Northern Branch and he is also currently an honorary auditor of the Lim Clan Association in Penang.

Mr Lim is currently the Independent Non-Executive Director of Aurora Italia International Berhad and Caely Holdings Bhd. Mr Lim also is Chairman and CEO of Globalink Investment Inc, a company listed on NASDAQ market.

Other Information

1) There are no family relationships amongst the Directors and / or major shareholders of the Company.
2) None of the Directors has any conflict of interest with the Company.
3) None of the Directors of the Company has been convicted of any offence other than traffic offences, within the past 5 years, if any, or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Reporting Standards

LFE Corporation Berhad ("LFE", "the Group" or "the Company') is proud to present our inaugural Sustainability Statement ("Statement") which covers our responsibilities to our stakeholders and we have taken the first steps to incorporate sustainability measures and considerations in all our operations and activities during the financial year.

This sustainability statement is prepared as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and recommendation to adhere to the guidelines of GSRI-G4 Sustainability Reporting Framework and the Sustainability Reporting Guide (Guide) issued by Bursa Securities. This Statement is consistent with the Company's Annual Report and other publications including the corporate website. Other material issues such as detailed corporate governance as well as data on internal operations and business activities are reported elsewhere in the Annual Report, and are not repeated here.

Scope And Boundaries

This Statement covers the sustainability practices and initiatives of our core business operations for the financial year ended 31 December 2021 unless otherwise stated. The scope of reporting covers LFE's headquarter in Kuala Lumpur and our project site if no separately mentioned. The data from LFE Group's oversea subsidiaries and joint ventures are excluded from this report due to differing statutory requirements.

Commitment To Sustainability

Through this report, we aim to provide our stakeholders with economic, environmental and social ("EES") information about our Group and in doing so, strengthen trust and relationship with our stakeholders through increased transparency and disclosure. The Group hopes to use this report to share its commitment to sustainability with its valued stakeholders, including employees, investors, customers, business partners, suppliers and communities it operates in. This Statement sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters, which impact the way the Group's operations are carried out as well as how such Material Sustainability Matters are managed. By applying a good corporate governance framework, environmentally responsible practices and sound social policies, it would enable the Group to achieve sustainable growth and enhance long-term value for its Shareholders.

Feedback And Comments

LFE recognises that sustainability is an iterative and continual process, continuous effort is needed to improve on various areas including performance targets and achievements. LFE also would like to thank all stakeholders for their contribution and support. It is our vision to make sustainability central in all that we do and to deliver shared value to our stakeholders.

LFE also welcomes input by all parties concerned on ways and means in which we can improve on our sustainability efforts going forward. Feedback is essential for us to maximise and optimise positive impact on the three dimensions of Economic, Environment and Social.

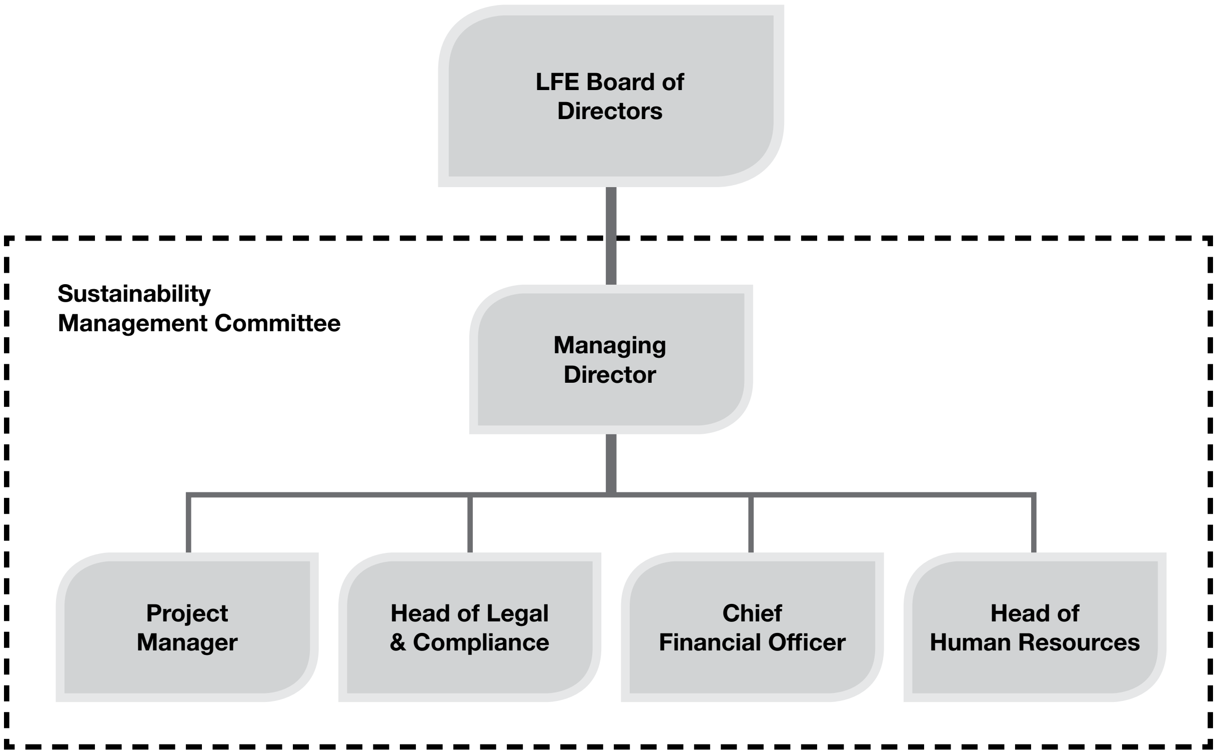
Comments and suggestions can be directed to:

Sustainability Committee
LFE CORPORATION BERHAD
Suite 11.01, 11th Floor
Campbell Complex
98, Jalan Dang Wangi
50100 Kuala Lumpur
Tel : 603-26948899
Fax : 603-26948833
Website : www.lfe.com.my
Email : info@lfe.com.my

SUSTAINABILITY GOVERNANCE

We have implemented a governance structure to ensure that our Global Sustainability program meets both our company's social and environmental goals to support our business. Our sustainability governance model provides a foundation and a formal structure that ensures our sustainability strategies are implemented and integrated into our business, delivering long-term value to our stakeholders.

Our sustainability programme is chaired by the Managing Director along with the support of other Sustainability Committee members, where committee members are made up of management representatives from various key functions. While the Managing Director is responsible for the review and endorses of all policies and framework in the development of the Group's sustainability practices. In addition, the Sustainability Committee is responsible for monitors the implementation of sustainability initiatives in LFE and recommending the approach to manage material matters to the Managing Director. The Board of Directors oversees the Sustainability Committee and sets strategies that support long-term value creation and includes strategies on EES considerations underpinning sustainability.



STAKEHOLDER ENGAGEMENT

We consider our stakeholders to be any group that has a significant impact on and a keen interest in our operations. Naturally, our stakeholders influence the way we carry out our business activities and how we formulate our strategies to meet their expectations and to generate long term benefits for our stakeholders in terms of business sustainability and value creation. Stakeholder engagement is essential to ensure business sustainability. Stakeholder engagement helps us reaffirm the most material issues and devise ways to address them within the Group.

We engage with a diverse group of stakeholders comprising employees, customers, shareholders, NGOs, suppliers, industry groups and local communities. Effective communication with stakeholders helps us build trust, leverage on their expertise and gain insights into the most pressing issues. The outcome of these engagements will progressively inform and outline our sustainability strategic priorities and guide the implementation of our sustainability initiatives. Thereafter, we take necessary actions to address these identified issues compiled from stakeholders' engagement which are summarised in the following table:-

Stakeholder Group	Key Areas of Concern	Engagement Platforms
Shareholders and Investors	• LFE's business prospect • Key corporate developments • Corporate governance • Economic Performance	• Announcements on Bursa Securities • Annual and Extraordinary General Meetings • Annual reports and Quarterly report • Corporate website
Government and regulatory authorities	• Regulatory compliance • Corporate Ethics • Annual reporting • Sustainability reporting	• Attended dialogue / seminar organised by Bursa Malaysia • Reliable reporting and marketing communications
Customers	• Service & Delivery Satisfaction • Quality management • Competitive prices	• Timely response towards customer's concerns and interests • Customer Satisfaction Survey • Customer feedback channel
Employees	• Career development • Competitive salary and benefits package • Work-life balance • Workplace safety and health • Clear line of reporting and proper communication channel	• Employee handbook • Open communication • Teamwork • Occupational safety and health • Provide skills development and training opportunities
Suppliers	• Fair procurement and tender • Transparency • Business prospects and financial stability • Prompt payments within credit period	• Group's procurement policy and procedures • Tender meetings, Suppliers' evaluations • Reinforcement of ethical business practices
Local Communities and Public	• Community development and enrichment • Fair Employment opportunities to local communities • Impact of operations on surrounding environment	• Community programmes • Operational safety and health practices on site

MATERIALITY ASSESSMENT

Sustainability matters are the risks and opportunities arising from the EES impacts of our organisation's operations and activities. Our definition of materiality is drawn from the guidelines provided by Bursa Malaysia where material issues are defined as such if they reflect an organisation's significant economic, environment, and social ("EES") impacts; or substantively influence the assessment and decisions of stakeholders.

The six key stakeholder groups that have been identified include our shareholders, authorities, customers, employees, suppliers and local communities. Our goal is to understand and address the different needs of each group to build a sustainable and successful business. Through the materiality assessment process, we have identified the issues material to us. Each of these initiatives has been grouped under the relevant sustainability prongs that manage our EES impact.

Material sustainability matters	Sustainability pillars	Influence from stakeholders	Impart to LFE group
Economic performance	Economy	High	High
Product quality and innovations	Economy	Medium	High
Customer satisfaction	Economy	High	High
Procurement practices and tender	Economy	Medium	Medium
Talent retention and development	Social	Medium	High
Safety and health	Social	High	High
Waste management	Environment	Medium	Low
Recycling	Environment	Medium	Low
Equal opportunities	Social	Medium	Low
Energy Consumption	Environment	Low	Low

ECONOMIC

Economic Performance

At LFE, our economic performance is defined as the generation of sustainable financial and economic returns, while creating value for stakeholders to ensure the sustainability of our business. During this challenging period for the construction sector, we strive to strengthen and sustain the Group's economic performance into the future while maintaining financial profitability. In short-medium term, LFE has successfully maintain reasonable turnover value and sufficient order book in its financial performance for the financial year ended 2021 by increasing business efficiency and enhance cost control model. In the long term, LFE focus on the delivery quality products, increase the effectiveness of our assets and capital management to delivered sustainable economic growth to our stakeholders.

Product Quality and Innovations

In LFE, maintaining and improving the quality of products and services is an essential aspect that contributes to an organisation's business success. As a property constructor, quality and on-time delivery of the property products are the key winning factor for sustainable growth. We assert that the needs of our customers should be met and sees the opportunities to create sustainable value for our customers through excellent product mix. Our team remains abreast of the latest trends and ready to adapt ahead of the innovations in the property industry with the same level of product quality. LFE 's quality control and management in line with the Quality Policy commitment as required by ISO 9001:2015 Quality Management Systems – Requirements.

ECONOMIC (CONT'D)

Customer satisfaction

LFE believes that customer satisfaction is essential in strengthening our brands and reputation in the long term. Customer satisfaction and engagement has always been identified as one of the most important aspects of the marketplace dimension across all our divisions. We regularly gather customers' feedback through surveys, after-sales service, and completion report. Our customers' satisfaction level is very much dependent on our product quality, competitive pricing, support services and reliability in delivery and effective attention to complaints.

Procurement Practices and Tender

The Group is committed to the highest possible standards of integrity, probity and accountability in all aspects of its procurement and tender activities. Any procurement and tender made are properly evaluated and approved by the relevant approving authority according to ISO 9001:2015 Clause: 8.2 to ensure transparency, integrity and fairness in the process. All officers are expected to conduct ethically, and as our Group practices zero tolerance to any corrupt practices in all business dealings and any breach of this policy will be dealt with severely.

Contribution to the Local Economy

As a homegrown Malaysian company, we understand that LFE plays an active role in contributing to the local community by direct economy activities and indirect impact such as providing employment opportunity. Although there is no formalised policy for the selection of suppliers and sub-contractor, LFE will, where possible, give preference to local suppliers and contractors to support the local community. Recruiting and developing local talent with local knowledge has always been our strategy for increasing the availability of talent, competence and capability of the local workforce. We are proud to inform that 100% of LFE's staffs being local hires where our projects are located.

SOCIAL

Providing Equal Opportunities for Our Employees

At LFE, we encourage equal participation by including a diverse group of people to be part of our team. Our performance appraisal is based purely on performance and Key Performance Index, regardless of gender, race or age. The Management and HR recruit or promote the best candidate for the job based on their performance, qualifications, experience and knowledge.

Talent retention and development

We always believe the people are the key to our success, human capital development is prioritised in LFE to ensure that we are able to keep up with the rapid changes and challenges in the business environment. To achieve that, trainings are conducted regularly, while internal promotions are given priority as a form of motivation. It is in our Group's culture to constantly develop and maximize our human capital, strengthen teamwork and build loyalty among our employees. As a responsible organization, we believe that a comfortable workplace which provides all the necessary opportunities and incentives is critical for our people to grow professionally and personally which then enables them to contribute both to the company and the society.

Open Workforce Communications

The Group is promoting and practicing open communications across all levels of employees and departments through various regular interactive sessions between employees and senior management. We strongly value transparency and consider our employees' feedback to make LFE an ideal place for our employees to thrive. LFE practices an open office culture by removing virtual barriers between the departments and level of management to enable quick and efficient dissemination of useful information. Human Resource and Training Department plays an active role in identifying and understanding our employees' needs in order to improve their well-being.

SOCIAL (CONT'D)

Safety and Health

Though "Safety first' may be the simplest and most common slogans, it is seen and practiced as the 'golden rule' in LFE's day to day operation. LFE's core business in construction and mechanical & electrical sector requires our staff to be exposed to a high-risk environment. Our projects adopt the highest standard of safety and health with zero tolerance for compromise; all site operator, officer and supervisors must follow the policies, procedures and performance objectives endorsed LFE. The operator and officer must obtain proper training and supervision before involved in the assigned work. LFE also ensures the equipment is certified fit for use by the relevant authorities and certain highly technical work is restricted to authorised personnel with the right license qualifications and experience. Due to the high requirement on the construction and mechanical & electrical industry, LFE obtained license and certificate from several local authorities, such as Construction Industry Development Board (CIDB), Putrajaya Energy Commission and Tenaga Nasional Berhad (TNB), to ensure our Group have the competence and capabilities to accept the project. Human Resources Department also ensuring that the Group compliance of the relevant health and safety laws and regulations. The Group was not subject to any punishment by the government and was not involved in any lawsuit related to health and safety.

ENVIRONMENT

Waste Management

In LFE, our construction projects are planned and designed to avoid waste being produced on-site, however where this is not possible, the waste hierarchy is followed by exploring the next tiers down:

(I) Reduce the amount of waste you create, using waste prevention measures.
(II) Re-use materials to avoid waste being created.
(III) Recycle materials from site where materials cannot be re-used.

'Just-in-time' delivery strategies are arranged with suppliers to align with project construction stages. This will help avoid materials being stored on-site longer than necessary and reduce the risk of damage from improper storage and weather damage. Storage for bulk materials are planned carefully during pre-construction stage to minimise transportation around the site. This is to ensure the materials being moved around the site as little as possible as breakage is more likely to happen during movement causing materials to be unusable. Designated locations where wastes are sorted in separate compartments are prepared to make recycling more feasible. Our appointed licensed contractors are also monitored and encouraged to practice proper waste management and minimisation to achieve greater costs savings and better site safety.

In the office, recycling collection and material separation are practiced as part of our waste management process. Our staffs are encouraged to segregate waste into recyclable and non-recyclable items for disposal and transfer the recyclable material to proper recycling station from time to time.

Reduce of Paper usage

LFE acknowledges paper usage as a key effort for waste management in the corporation. The Group has implemented several approaches on waste management to reduce unnecessary usage of paper. Employees are encouraged to reduce paper usage by supporting paperless initiatives such as approval via the system without the need for hardcopy printout. If a printout is necessary, double-sided printing should be prioritised or by reusing draft papers whenever possible. From year 2020, LFE has also reduced the printed copies of the annual report by encouraging shareholders to view and download the annual report from our Group's website or via Bursa's website. Hardcopy annual report will only be provided to shareholders who requested it.

CONCLUSION

Going forward, LFE will strengthen our sustainability practices by adopting a more systematic approach, by continuously revisiting and reassessing our existing sustainability framework, actively and regularly engage our stakeholders and determine key performance indicators for each sustainability theme. We remain committed to reaching out to our stakeholders, communicating through multiple channels, engaging in robust dialogue and working towards common objectives for the good of all.

This Statement is made in accordance with the resolution passed by the Directors at the Board of Directors' Meeting held on 28 April 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Malaysian Code of Corporate Governance defines corporate governance as "the process and structure used to direct and manage the business and affairs of the company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of the other stakeholders.

The Board of Directors remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Company and to ensure the highest standards of accountability and transparency. The Board supports the Corporate Governance Framework and continues to improve existing practices and achieve the objectives of the Company.

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the Malaysian Code on Corporate Governance ("MCCG") during the financial year ended 31 December 2021. This statement is prepared in compliance with Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and it is to be read together with the Corporate Governance Report 2021 of the Company which is available on LFE Corporation Berhad ("LFE")'s website at www.lfe.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board retains full and effective control of the Group. Its roles are essentially providing leadership, management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings. The Board has adopted certain responsibilities for effective discharge of its functions through formalizing its Board Charter (available at the Company's website: www.lfe.com.my) which, inter alia, sets a list of specific functions that are reserved for the Board and Chairman; and the authorisation limit which defines relevant matters and applicable limits reserved for Chairman/Executive Directors that are further cascaded to senior management team within the Company.

The Board has delegated specific responsibilities to various Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee whose functions are within their respective terms of reference approved by the Board. The said terms of reference are periodically reviewed by the Board, as and when necessary and the Board appoints the Chairman and members of each committee. These Committees assist the Board in making informed decisions through in-depth discussions on issues in discharge of the respective committees' terms of reference and responsibilities. The terms of reference of the Board Committees are available at the Company's website.

The Board of Directors adopted the Code of Conduct and Ethics for Company Directors and employees within the Group. This Code of Conduct and Ethics provides good guidance for a standard of ethical behaviour for Directors based on trustworthiness and honest values that are acceptable and to uphold the spirit of responsibility including social responsibility in line with the legislation, regulations and guidelines for administrating a company.

The Board had adopted the Whistleblowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law, regulations or any illegal acts observed in the Group but not limited to financial malpractice or fraud, non-compliance, criminal activity and corruption. The Whistleblowing Policy is reviewed annually and is available on the Company's website. There were no reported incidents pertaining to whistleblowing during the financial year.

The Group aims to ensure a balance of power and authority between the Chairman and Executive Directors with a clear division of responsibility between the running of the Board and the Company's business respectively. The Group also emphasises and practices a division of responsibility between the Executive and Non-Executive Directors.

The Company does not have a designated Chairman. The Managing Director is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and ensure that Board proceedings are in compliance with good conduct and best practices. Whilst the Executive Directors are responsible for making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

All Directors have the right to access to information within the Group and the individual Director or the Board as a whole has unrestricted access to all information pertaining to the Group's business and affair. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the expense of the Group.

The Board has also formalised its ethical standards in its Code of Conduct and Ethics that published on the Company's website at www.lfe.com.my for stakeholders' information. The Board also adopted the Anti-Bribery and Corruption Policy to set out the Group approach in combating bribery and corruption, the said policy also been made available on the Company's website.

The Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of LFE Group and its operations. To achieve this, the LFE's Board of Directors oversees the Sustainability Committee and sets strategies that support long-term value creation and includes strategies on economic, environmental and social ("EES") considerations underpinning sustainability. The direction and strategies are communicated to the Senior Management team, which comprises key persons from various functions and led by the Managing Director. The Company also engage its stakeholders through various means of communication to enable them to more understand the Group's business operation and seek their feedbacks and input on several matters relevant to them.

The Sustainability Statement of the Group which provides an overview of the sustainability performance for the financial year ended 31 December 2021, is set out on pages 12 to 18 of the Annual Report 2021.

Board Composition

The Board acknowledges the call by the Government and MCCG for boards to comprise at least 30% woman on board. The Board had adopted the gender diversity policy on 27 September 2018.

The Board is mindful that any gender representation should be in the best interest of the Company. Although the Company has not reached the 30% woman representation target at Board level as required, the Board is putting its effort in getting other suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age to join the Board.

The Board will endeavour to achieve 30% women representation on the Board in the next few years.

In accordance to Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of first appointment as Director. In the event the Board wishes to retain the independence status of an Independent Director who has served for more than nine (9) years, Board justification and shareholders' approval are required. Two-tier voting process will be applied in the Annual General Meeting ("AGM") for retaining any Independent Director serving beyond nine (9) years.

The Company currently does not have a policy to limit the tenure of its Independent Directors. Nevertheless, the Board has considered the independence of the Independent Directors whose tenure had exceeded nine (9) years, namely Mr Loo Thin Tuck ("Mr Loo") and YM Tunku Azlan Bin Tunku Aziz ("YM Tunku Azlan").

In their respective assessment, Mr Loo and YM Tunku Azlan have confirmed that they do not have personal interest or conflict of interest and have not entered or expected to enter into any contract or transaction with the Company or the Group and they do not assist the Company in any operational matters of the Group. In addition, Mr Loo also confirmed that he has his own business which is not in the same industry as the Group.

Based on the above assessment, the Board generally satisfied with the level of independence demonstrated by Mr Loo and YM Tunku Azlan. In view thereof, the Company will seek shareholders' approval through a two-tier voting process to retain Mr Loo and YM Tunku Azlan who had served as Independent Directors for more than nine (9) years and had abstained from any deliberations or voting pertaining to their independence at the Board level.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (Cont'd)

None of the Directors of the Company hold more than five (5) directorships of listed companies as provided under Paragraph 15.06 of the MMLR.

The Board meets on a quarterly basis with additional meetings being convened when necessary to address urgent matters. All the Directors have complied with the minimum attendance requirements as stipulated by the MMLR. The Board met five (5) occasions during the financial year ended 31 December 2021 and the details of attendance at Board Meetings is set out below:-

Name of Directors	Meeting attended
Liew Kiam Woon	5/5
Kok Tong Yong	5/5
Goh Chee Hoe	5/5
Loo Thin Tuck	5/5
YM Tunku Azlan Bin Tunku Aziz	5/5
Tng Ling Ling	4/5
Lim Say Leong *(Appointed on 24 June 2021)*	2/2

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2021 are as follows:-

Name of Directors	Training Attended	Date
Liew Kiam Woon	• Sustainable Rating Tools as Ways to Enhance Your Project • ESG,RCEP,S17A (MACC ACT) and Corporate Rescue Mechanism for Construction Industry • Transfer Pricing & Service Tax updates in Construction Industry • Sustainability in the Construction Industry	12 July 2021 9 September 2021 28 September 2021 26 October 2021
Kok Tong Yong	• My Cyber Risk • Environment Social and Governance In Investing • Sustainability in the Construction Industry • Sustainable Rating Tools as Ways to Enhance Your Project	23 April 2021 28 May 2021 12 July 2021 26 October 2021
Goh Chee Hoe	• Capital Market Conference 2021 • Basic Tax Compliance for Tax Professionals • Issuance & Redemption of Preference Share • Advanced Corporate Tax issues and Strategies	17 June 2021 28 June 2021 2 July 2021 22 July 2021

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (Cont'd)

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 December 2021 are as follows:- (cont'd)

Name of Directors	Training Attended	Date
Loo Thin Tuck	• Beneficial Ownership, Voluntary Winding Up of LLP & Anti-Money Laundering Regime: Director and Company Secretary's Reporting Obligations • Malaysian Tax Conference 2021 • MIA Virtual Conference Series: Capital Market Conference 2021 • National Tax Conference 2021 • SSM National Conference 2021 on Governing under New Normal • Salient Features of OSH and its Impact on the Responsibilities of Directors & Officers • Practical Guide for the Company Secretaries • Seminar Percukaian Kebangsaan 2021 • MIA Webinar Series: Fundamental Principles in Preparing a Transfer Pricing Documentation	6 March 2021 6 & 7 April 2021 17 June 2021 27 & 28 July 2021 24 August 2021 22 September 2021 2 October 2021 9 November 2021 17 December 2021
YM Tunku Azlan Bin Tunku Aziz	• Roles & Responsibilities of Directors in relation to Financial Statements	9 November 2021
Tng Ling Ling	• Reassess Your Business, Accelerate The Sustainability Webinar	18 June 2021

All Directors of the Company had attended the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of public listed companies.

During the financial year ended 31 December 2021, besides from attending the briefings conducted by the Company Secretary pertaining to the updates on the Listing Requirements and MCCG 2021, the External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standard that affect the Group's financial Statement.

Company Secretary

The Board is supported by a qualified secretary who is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under the Companies Act, 2016. As a practicing company secretary, she has also attended continuous professional development programmes as required by MAICSA.

The Company Secretary supports the Board in carrying out their fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. The Company Secretary also served as an advisory role to the Board, particularly with regards to the Company's Constitution, Board's policies and procedures and various compliance with regulatory requirement, codes, guidelines, legislation and the principles of corporate governance practices.

The Company Secretary circulated the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates, where applicable at Board meetings. Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory requirements.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nomination Committee

The Company's Nomination Committee ("NC") comprised three (3) Independent Non-Executive Directors. The members of the NC are as follows:-

1. YM Tunku Azlan Bin Tunku Aziz (Chairman)
2. Mr Loo Thin Tuck
3. Ms Tng Ling Ling

The Board has been through the NC, assessed on an annual basis with the use of board matrix, questionnaires and other evaluation forms, the size, composition, mix of skills, experience, competencies of the existing Board, the individual Director, the independence and tenure of the Independent Directors, and the effectiveness of the Board and the Board Committees, to identify gaps in the Board composition and the needs to identify and select new members to the Board or Board Committees.

Based on the assessment, the NC concluded that the current structure, size and composition of the Board, which comprises people who possess a wide range of expertise, experience and skills in various fields to enable them to discharge their duties and responsibilities effectively. The Board Chairman had performed in an excellent manner and contributed to the Board.

Full details of the NC's duties and responsibilities are stated in the terms of reference which is available on the Company's website at www.lfe.com.my.

The NC meets as and when required, at least once a year. During the financial year, two (2) meetings were held with full attendances from all its members.

The Company's Constitution provides that one third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting.

In considering whether to recommend a Director who is eligible to stand for re-election, the NC would consider a variety of factors, including:

- the Director's contributions to the Board and ability to continue to contribute productively;
- the Director's attendance at Board and committee meetings;
- the Director's compliance with the Code;
- whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service; and
- the independence of the Director.

Remuneration Committee

The Remuneration Committee ("RC") comprises three (3) Members, majority of whom are Independent Directors. The members of the RC are as follows:-

1. Mr Loo Thin Tuck (Chairman)
2. Mr Liew Kiam Woon
3. Ms Tng Ling Ling

The RC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the company is in. The RC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Directors and performance of the Group. Individual Director does not participate in the decisions regarding his individual remuneration.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee (Cont'd)

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, and after giving due consideration to the Group's performance.

Pursuant to Section 230(1) of the Companies Act, 2016, fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The details of the Directors' remuneration comprising remuneration received from the Company in the financial year ended 31 December 2021 as are follows:-

Category

	Directors Fees and Meeting Fees (RM)	Salaries and others remuneration (RM)	Statutory Contribution (RM)	Total (RM)
Executive Directors				
Liew Kiam Woon	8,500	420,923	50,400	479,823
Kok Tong Yong	4,000	148,155	5,760	157,915
Goh Chee Hoe	4,440	96,924	11,520	112,884
Non-Executive Directors				
Loo Thin Tuck	45,000	–	–	45,000
YM Tunku Azlan Bin Tunku Aziz	27,000	–	–	27,000
Tng Ling Ling	25,000	–	–	25,000
Lim Say Leong *(Appointed on 24 June 2021)*	1,500	–	–	1,500

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Board is assisted by the Audit Committee ("AC") which comprises solely of three (3) Independent Non-Executive Directors, to oversee the Group's financial reporting process. In line with the principles of the MCCG, the terms of reference of the AC was amended to include a policy that requires a former key audit partner who was part of the engagement team to observe a cooling-off period of at least 3 years before being appointed as a member of the AC.

The Chairman of the AC is not the Chairman of the Board. The AC Chairman is able to assess to the Executive Directors, Senior Management, External Auditors and Internal Auditors.

The composition of the AC is reviewed annually with the view to maintain an independent and effective AC, and in line with the principles of the MCCG. The AC members are expected to continuously update their knowledge and enhance their skills. Based on the performance evaluation of the AC for the financial year ended 31 December 2021, the Board is satisfied that the Chairman and the members of AC have discharge their responsibilities effectively.

Please refer to the Audit Committee Report on pages 27 to 29 for further information on our AC.

The independence, suitability and appointment/re-appointment of the External Auditors are reviewed by the AC annually.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management and Internal Control Framework

The Risk Management Committee has been formed to assist the Board on the ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process is regularly reviewed and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.

The Executive Directors and Senior Management are responsible for the identification and evaluation of key risks applicable to their areas of business activities on a continuous basis. Risks identified are reported in a timely manner during the periodic management meetings to enable corrective actions to be taken.

Audit Committee

The Internal Audit Function is carried out by Tricor Axcelasia Sdn Bhd, an internal audit consulting firm. The internal audit function is headed by an Executive Director namely, Mr David Low who is assisted by a manager and support by several account staffs. The Director in charge is a qualified accountant while the rest of the team members are with accounting background. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The AC will review the engagement between the Group and the Internal Auditors to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

The Board is of the view that the system of internal control and risk management is in place, is sound and sufficient in safeguarding the Group's assets and shareholders' investment and interests of all stakeholders.

The Statement on Risk Management and Internal Control furnished on pages 30 to 32 of this Annual Report provides an overview on the state of risk management and internal controls within the Group.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANING RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities, which is in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices, through dialogue with analysts and the media.

The annual report and the quarterly announcements are the primary mode of communications to report on the Group's business activities and financial performance to all shareholders.

The Company also maintains an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information. Minority shareholders may communicate with the Company through the Company's website.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANING RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Conduct of General Meetings

The Annual General Meeting ("AGM") represents the principal forum for dialogue and interaction with shareholders. At each AGM, the Board presents the performance and progress of the Company and provides ample opportunity for shareholders to raise questions pertaining to the business activities of the Company. All the Directors and key management personnel are available to provide responses to questions raised by the shareholders during the AGM.

Prior to the general meetings, the shareholders are allowed to submit any questions online by scanning the QR Code or clicking on the link provided in the Administrative Guide. During the general meetings, the shareholders are encouraged to submit typed questions in real time within the Questions & Answers Box at the bottom of the messaging screen. Any questions can be submitted at any time until the announcement of the closure of Questions & Answers session. All the Directors are available to provide responses to questions raised by the shareholders during the general meetings. The Company's External Auditors also attend the AGM and are available to address any relevant queries raised by the shareholders pertaining to the audit matters and audit report.

The notice of AGM is despatched to shareholders at least 28 days before the AGM. The Company believes that shareholders will have sufficient time to make the necessary arrangement to submit the proxy forms or to participate the general meetings. The general meetings of the Company held in year 2021 were conducted fully virtual and online poll voting whereby shareholders and proxies can access and participate remotely.

The Minutes of the general meetings (including all the Questions raised at the meeting and the Answers thereto) was also made available on the Company's website.

The outcome of the general meeting will be announced to Bursa Securities on the same day, the same is also accessible on the Company's website.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 and the MMLR, to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of financial year and of the results and cash flows of the Company and of the Group for the financial year then ended.

The Directors strikes to ensure that the annual financial statements have been prepared in accordance with the applicable approved financial accounting standards and policies in Malaysia.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and the Company. The Directors also take steps to safeguard the interest of the shareholders and to prevent fraud and other irregularities.

COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards.

This Corporate Governance Overview Statement and Corporate Governance Report are made in accordance with the resolution passed by the Directors at the Board of Directors' Meeting held on 28 April 2022.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee ("AC") of LFE Corporation Berhad ("LFE" or "the Company") is chaired by an Independent Director and comprises three members, all of whom are Independent Non-Executive Directors. The current composition meets the requirement of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The AC currently comprises the following members:-

1. Mr Loo Thin Tuck (Chairman)
2. YM Tunku Azlan Bin Tunku Aziz
3. Ms Tng Ling Ling

The AC is authorised by the Board to independently investigate any activity within its terms of reference and shall have unrestricted access to information pertaining to the Group, from the Internal and External Auditors, Management and all employees.

MEETINGS

During the financial year ended 31 December 2021, the AC conducted five (5) meetings of which all sufficient notices given to all AC members together with the agenda, reports and proposals for deliberation at the meetings. The Executive Directors were invited to all AC meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors and Internal Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the AC at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for the financial year ended 31 December 2021.

In the AC meetings, the External Auditors were given opportunities to raise any matters and gave unrestricted access to the External Auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the AC meetings were tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

Details of attendance of the AC members at the AC meetings during the financial year ended 31 December 2021 are as follows:

Committee Member	Meeting attended
Loo Thin Tuck	5/5
YM Tunku Azlan Bin Tunku Aziz	4/5
Tng Ling Ling	4/5

SUMMARY ACTIVITIES

The AC activities during the financial year under review comprised the following:-

Quarterly Financial Statements and Audited Financial Statements

- reviewed the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and

- reviewed the unaudited financial results before recommending them for Board's approval, focusing particularly on:-

  - Any change in accounting policies
  - Significant adjustments arising from audit
  - Compliance with accounting standards and other legal requirements

External Auditors

- reviewed the Audit Planning Memorandum, outlining the audit scope, audit process and areas of emphasis based on the External Auditors' presentation of audit plan;
- reviewed the Audit Review Memorandum and the response from the Management;
- considered and recommend to the Board for approval of the audit fees payable to the external auditors;
- reviewed the performance and effectiveness of the External Auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of External Auditors; and
- reviewed and evaluated the factors relating to the independence of the External Auditors.

The AC recommended to the Board for approval of the audit fee of RM147,000.00 in respect of the financial year ended 31 December 2021.

The Board at its meeting held on 24 November 2021, approved the audit fee based on the recommendation of the AC.

Internal Auditors

The Group outsources its Internal Audit Function to a professional services firm. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group.

The Internal Audit Report directly to the AC, the appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

The AC had reviewed:-

- internal audit on the areas of Finance, Information Technology, Project Acceptance Review and Project Management of the Group.
- follow-up audit on Inventory Management of the Group.
- suggestion on improvement opportunities in the areas of internal controls, systems, adequacy and efficiency improvements.

Internal Control and Risk Management

- reviewed the internal audit plan for adequacy scope and coverage and risk areas;
- reviewed risk management report and internal audit reports;
- reviewed the effectiveness and adequacy of risk management, operational and compliance processes; and
- reviewed the adequacy and effectiveness of corrective actions taken by the Management on all significant matters raised.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the AC reviewed the recurrent related party transactions ("RPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

The AC review the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The AC also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

INTERNAL AUDIT FUNCTION

The purpose of the Internal Audit function is to provide the Board, through the AC, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To ensure that the responsibilities of internal auditors are fully discharged, the AC reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.

The Internal Auditors also highlighted to the AC the audit findings which required follow-up action by Management as well as outstanding audit issues which required corrective action to ensure an adequate and effective internal control system within the Group.

All Internal Audit activities in financial year ended 31 December 2021 were outsourced to an independent assurance provider and the total costs incurred were amounted to RM36,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance ("the Code") sets out the principle that the Board of Directors ("Board") of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders' investment and assets of the Group.

The Statement on Risk Management and Internal Control by the Board of Directors ("Board") on the Group is made pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Principles and Recommendations relating to risk management and internal control provided in the Code.

BOARD RESPONSIBILITIES

The Board recognises and affirms its overall responsibility for the Group's system of risk management and internal control practices for good corporate governance. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the system in particular on financial, operational, as well as compliance aspects of the Group throughout the financial year.

There is an ongoing process for identifying, evaluating and managing the key risks faced by the Group in its achievement of business objectives. The process has been in place during the year up to the date of approval of this statement and is subject to review by the Board. The Board recognised that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, the Board noted that these systems can only provide reasonable but not absolute assurance against any material misstatement, losses or fraud.

The Risk Management Committee ("RMC") was established to oversee the risk management framework and activities of the Group, in line with the step-up practice as set out in the MCCG.

The Composition of the RMC is as follows:

Chairman

Loo Thin Tuck	Senior Independent Non-Executive Director

Members

YM Tunku Azlan Bin Tunku Aziz	Independent Non-Executive Director
Goh Chee Hoe	Executive Director

The Board is assisted by Senior Management in implementing the Board approved policies and procedures to assure that the Group's risk management and internal controls systems are operating adequately and effectively by:

a. Identifying and analysing risk information;
b. Designing and operating suitable internal controls to manage these risks; and
c. Monitoring risk changes and the appropriate action plans.

The key features of the risk management and internal control system are described below.

RISK MANAGEMENT

The Group continues to adopt its Enterprise Risk Management (ERM) methodology which is in line with the ISO 31000:2018, Risk Management – Principles and Guidelines, mainly promoting the risk ownership and continuous monitoring of key risks identified.

The Group has maintained a database of risks and controls information captured in the format of risk registers. The risks associated with key business units are identified, assessed and categorised to highlight the root causes of risks, their impacts and the likelihood of occurrence. Comprehensive action plans are developed to address key risks identified by Management.

The risk profile of the key business units of the Group are being monitored by its respective Senior Management. The risks identified for the Group were considered in formulating the strategies and plans. The strategies and plans are monitored and revised as the need arises.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Further, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

There is a comprehensive budgeting system that requires preparation of the annual budget by all key business units. The annual budget which contains financial, operating targets and performance indicators are reviewed and approved by the Managing Director, together with the Senior Management before being presented to the Board for final review and approval.

Issues relating to the business operations are brought to the Board's attention during Board meetings. Further independent assessment is provided by the Group internal audit function and the Audit Committee. The Audit Committee reviews internal control matters and updates the Board on any significant control gaps for the Board's attention and action.

The other salient features of the Group's system of internal control are as follows:-

- The Board meets at least once every quarter and has an agenda to bring to the Board's attention significant matters related to internal controls, ensuring that it maintains full and effective supervision over appropriate controls;

- Executive Directors participate actively in the daily operations of the Group and regular operational meetings were held with heads of departments. The heads of departments are delegated with the responsibility to ensure that the systems of internal controls are put into place accordingly;

- Representations from the Company in consortium or joint venture are responsible to oversee the administration, operation and performance of the consortium or joint venture and are further responsible to provide on a regular basis, financial and operational information of the consortium or joint venture to the Management of the Company;

- Quarterly review of financial results by the Board and the Audit Committee before announcement to Bursa Malaysia Securities Berhad;

- An organisational structure with defined lines of responsibilities and delegation of authority within which the Management operates;

- The principal operating subsidiary, LFE Engineering Sdn Bhd, has a formalised Quality Procedure Manual ISO 9001:2015 ("ISO") to inter-alia provide guidance to employees in carrying out daily tasks to ensure that there is a clear understanding of the operations of the Group, to continually improve the effectiveness of our Quality Management System so as to provide our customers with superior products and services;

- Scheduled in-house ISO internal audit is held once a year to ensure full compliance with the ISO requirements, where findings are discussed during the Management Review Committee meetings.

INTERNAL AUDIT

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm to carry out its internal audit function which aims to provide the Board with reasonable assurance regarding the adequacy of the effectiveness and efficiency of the risk management and internal control. At the date of this report, the internal audit activities of the Group were carried out according to an annual audit plan approved by the Audit Committee. The internal audit function adopted a risk-based approach and prepared its audit plans based on key risks identified. The internal audit provided an assessment of the adequacy and effectiveness of the Group's system of internal control, and provided recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments were reported to the Audit Committee.

High priority observations were highlighted to the management and suggested mitigation plans with reasonable implementation time frame were adopted by the respective department. In addition, the implementation status of corrective actions to address control weaknesses was followed up by the internal auditors to verify that these actions have been satisfactorily implemented by management. In addition, management relied on the ISO internal audit.

REVIEW BY BOARD

The Board's review of risk management and internal control effectiveness is based on information from Senior Management within the organisation who are responsible for the development and maintenance of the risk management and internal control system.

The Board monitors the implementation status of key risk action plans for the identified internal control weakness to ensure continuous process improvement. In addition, the Audit Committee and the Board will continuously review the adequacy and effectiveness of the Group's risk management and internal control system.

The Board considered the systems of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and Senior Management will continue to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

The Group's internal control system does not apply to its our joint ventures entities, which fall within the control of their majority partners. Nonetheless, the Group's interests are served through representation on the Senior Management posting(s) to the joint ventures entities as well as through the review of management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such entity.

The Board also received assurance from the Managing Director and management that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the established risk management and internal control system of the Group in accordance with the guidance as outlined in Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

In addition, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report 2021, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

CONCLUSION

For the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is satisfied that the risk management and internal control system are in place as it has not resulted in any material loss, contingency or uncertainty. The Board has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control system.

The above statement is made in accordance with the resolution passed by the Directors at the Board of Directors' Meeting held on 28 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

The following is provided in compliance with the MMLR of Bursa Securities:-

1. Non-audit fees

The amount of non audit fees payable to the Group's External Auditors for the financial year ended 31 December 2021 is RM63,000.

2. Material contracts

There were no material contracts entered into by the Company and/or its subsidiaries that involve Directors' or substantial shareholders' interests either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year.

3. Share Buy-back

There was no share buy-back by the Company during the financial year ended 31 December 2021.

4. Utilisation of Proceeds Raised from Corporate Proposal

On 5 October 2020, LFE had announced a proposal to undertake a renounceable rights issue of up to 490,567,490 new ordinary shares in LFE ("LFE Share(s)" or "Share(s)") in LFE ("Rights Share(s)") on the basis of 2 Rights Shares for every 1 existing LFE Share at an issue price of RM0.08 per Rights Share ("Proposed Rights Issue").

On 21 April 2021, LFE completed and listed of 490,567,490 Rights Shares to the existing shareholders of LFE, raising RM39,245,399.20 of new capital for the Company.

The gross proceeds raised from the Proposed Rights Issue were utilised for the payment of acquisition of 382,500 ordinary shares in Cosmo Property Management Sdn Bhd ("CPMSB"), representing 51.0% equity interest in CPMSB from Resolute Accomplishment Sdn Bhd.

5. Recurrent Related Party Transactions

The Group did not have any recurrent related party transactions of revenue or trading nature during the financial year ended 31 December 2021, which exceeded the materiality threshold stipulated in Paragraph 10.09 (2)(b) of the MMLR of Bursa Securities.

6. Material Properties

The Group and the Company do not own any landed property for the financial year ended 31 December 2021.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are stated in Note 18 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net (loss)/profit for the financial year attributable to:		
- Owners of the Company	(16,106,958)	(39,834,118)
- Non-controlling interests	1,986,857	–
	(14,120,101)	(39,834,118)

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its total issued and paid up share capital from RM61,916,835 to RM107,712,234 via:

(a) Rights issue

During the financial year, the Company issued 490,567,490 ordinary shares of RM0.08 per share via right issue. The purpose of issuance of shares are to:

(i) fully or partially settle the cash consideration for the acquisition of Cosmo Property Management Sdn. Bhd. ("COSMO") as disclosed in Note 18(e);
(ii) finance existing operations and projects as well as any new projects to be secured in the future over the short term; and
(iii) pay for the estimated expenses in relation to the corporate exercise.

DIRECTORS' REPORT
(cont'd)

ISSUE OF SHARES AND DEBENTURES (CONT'D)

(b) Private placement to acquire a subsidiary company

During the financial year, the Company issued 65,500,000 new ordinary shares of RM0.10 per share as consideration to acquire COSMO as disclosed in Note 18(e).

The new shares issued rank pari-passu in all respect with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Liew Kiam Woon
Loo Thin Tuck
YM Tunku Azlan Bin Tunku Aziz
Kok Tong Yong
Goh Chee Hoe
Tng Ling Ling
Lim Say Leong (Appointed on 24 June 2021)

The names of Directors of subsidiaries are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2021	**Acquired**	**Disposed**	**At 31.12.2021**
Interest in the Company				
Direct interest:				
Liew Kiam Woon	17,188,008	34,376,016	–	51,564,024
Kok Tong Yong	32,500	65,000	–	97,500
Indirect interest:				
Liew Kiam Woon^	8,529,958	17,059,916	–	25,589,874

^ Deemed interested by virtue of his interest in Liew Meow Nyean Realty Sdn. Bhd. pursuant to Section 8 of Companies Act, 2016

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

By virtue of their interest in shares of the Company, Liew Kiam Woon and Kok Tong Yong are also deemed to have interest in the shares of the subsidiaries to the extent that the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are disclosed in Note 26 to the financial statements.

SUBSIDIARY COMPANIES

Details of the subsidiary companies are disclosed in Note 18 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 22 to the financial statements.

INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance effected for Directors or officers of the Company in accordance with Section 289 of the Companies Act, 2016.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the additional provision for doubtful debts in the financial statement of the Group and of the Company inadequate to any substantial extent; or

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) any amount stated in the financial statements of the Group and of the Company misleading.

No contingent or other liability of any company in the Group has become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

HLB Ler Lum Chew PLT (201906002362 & AF0276) have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, HLB AAC PLT (202006000008 & AF001977).

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

LIEW KIAM WOON **GOH CHEE HOE**

KUALA LUMPUR
28 APRIL 2022

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, LIEW KIAM WOON and GOH CHEE HOE, being two of the Directors of LFE CORPORATION BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 46 to 102 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

LIEW KIAM WOON

GOH CHEE HOE

KUALA LUMPUR
28 APRIL 2022

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, LIEW KIAM WOON, being the Director primarily responsible for the financial management of LFE CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 46 to 102 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed LIEW KIAM WOON at)
KUALA LUMPUR)
on this date of 28 APRIL 2022)

LIEW KIAM WOON

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LFE CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LFE CORPORATION BERHAD, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 102.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition on construction contract *Refer to Note 2.2(a), 2.5(p)(i) and 20 to the financial statements* During the financial year, the Group recognised revenue amounting to RM32,875,097 from its construction activities. We focused on this area because the accounting for construction contracts activities is inherently complex as it involves the use of significant estimates and judgements made by management which includes the following: (a) Estimation of the total budgeted project costs and the assessment of costs yet to be incurred to complete these projects; (b) Determination of the progress towards satisfaction of the performance obligations and overall progress of the Group's projects; (c) Consideration of variation orders and claims with the Group's customers; and (d) Estimation of changes in transaction price arising from liquidated ascertained damages.	In addressing this area, our procedures included, among others: • Evaluated the management's key judgements used in the estimation of budgeted construction contract costs by examining documentation such as letter of awards issued, variation orders, historical evidence or results and retrospective review of these estimates; • Verified the budgeted revenue by examining the construction contracts' approved letters of award; • Discussed with the project team to understand the nature of variation orders and claims included in budgeted revenue and inspected correspondences from the customers; • Inspected the costs incurred to date and compared against sub-contractor claim certificates and external architects' certifications of work performed to corroborate the projects' progress towards satisfaction of the performance obligations and reasonableness of the estimated project budgets; • Performed re-computations on the calculation of the stage of completion to ascertain there is no mathematical error in the profit recognition; and • Reviewed the stage of completion of all on-going construction contracts to determine if any adjustments to the transactions price arising from the estimation for liquidated ascertained damages.

INDEPENDENT AUDITORS' REPORT
(cont'd)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of trade receivables *Refer to 2.2(b), 2.5(d), and 8 to the financial statements* As at 31 December 2021, the Group's trade receivables amounted to RM17,586,535. Management's assessment of impairment loss for trade receivables includes consideration of historical payment trends of customers, adjusted for forward-looking factors specific to the industry of the customer, and any known adverse condition in respect of customers that would affect the recoverability of these balances. We focus on these areas due to the complexity and significant judgement involved in assessing the impairment loss allowance for the trade receivables.	In addressing this area, our procedures included, among others: • Recalculated the probability of default using historical data and forward-looking information adjustments applied by the management; • Scrutinised the trade receivables ageing and investigated unusual trends and conditions that may indicate objective evidence of impairment; • Assessed the appropriateness and reasonableness of the assumptions applied in the management's assessment of expected credit loss, taking into account specific known customers' circumstances; • Verified receipts from trade receivables subsequent to the financial year end; and • Considered the completeness and accuracy of the disclosures.
Impairment assessment of goodwill on consolidation *Refer to Notes 2.2(c), 2.5(c), 2.5(r), 5 to the financial statements* As at 31 December 2021, the carrying amount of the Group's goodwill on consolidation is RM23,183,935. Pursuant to MFRS 136, "Impairment of Assets", the Group is required to perform annual impairment assessment on its goodwill. The Group estimated the recoverable amount of the cash-generating unit ("CGU") to which goodwill is allocated based on its value-in-use. In view of the significant carrying amount of the CGU (including goodwill), coupled with the complexity and subjectivity of the assumption involved in the annual impairment test, we consider this to be an audit focus.	We have assessed the appropriateness of the discounted cash flow forecast prepared by management. Our audit procedures included, among others, the following: • Assessed the appropriateness of the determination of cash-generating units; • Assessed the methodology adopted and the mathematical accuracy of the discounted cash flow forecast calculations; • Reviewed the budgeted cash flow forecast prepared and approved by the management; • Assessed the reasonableness of the management's key assumptions used and judgements exercised on its discounted cash flow forecast such as revenue growth rate, profit margins and discount rates; • Performed sensitivity tests for a range of reasonable possible scenarios; and • Considered the completeness and accuracy of disclosures in the financial statements.

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of investment in a subsidiary company Refer to Notes 2.2(d), 2.5(a), 2.5(c) and 18 to the financial statements As at 31 December 2021, the carrying amount of the investment in Cosmo Property Management Sdn. Bhd. ("Cosmo") amounted to RM27,540,000. Pursuant to MFRS 136, "Impairment of Assets", the Company is required to perform an impairment assessment on its assets when there is an indication that the asset may be impaired. The Company estimated the recoverable amount of the investment in COSMO based on its value-in-use. In view of the significant carrying amount of the investment in COSMO, coupled with the complexity and subjectivity of the assumption involved in the annual impairment test, we consider this to be an audit focus.	We have assessed the appropriateness of the discounted cash flow forecast prepared by management. Our audit procedures included, among others, the following: • Assessed the methodology adopted and the mathematical accuracy of the discounted cash flow forecast calculations; • Reviewed the budgeted cash flow forecast prepared and approved by the management; • Assessed the reasonableness of the management's key assumptions used and judgements exercised on its discounted cash flow forecast such as revenue growth rate, profit margins and discount rates; • Performed sensitivity tests for a range of reasonable possible scenarios; and • Considered the completeness and accuracy of disclosures in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

(cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
(cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.

HLB AAC PLT
(202006000008 & AF001977)
Chartered Accountants

TEH WEIL XUAN
Approved Number: 03453/10/2023 J
Chartered Accountant

KUALA LUMPUR
28 APRIL 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	446,912	406,310
Investment in joint ventures	4	1,168,503	21,165,460
Goodwill on consolidation	5	23,183,935	–
		24,799,350	21,571,770
Current Assets			
Contract assets	6	1,660,211	6,803,808
Inventories	7	352,440	–
Trade receivables	8	17,586,535	16,869,460
Other receivables	9	16,079,688	3,120,435
Fixed deposit with a licensed bank	10	9,685,850	–
Cash and bank balances		22,570,825	1,594,295
		67,935,549	28,387,998
TOTAL ASSETS		92,734,899	49,959,768
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	107,712,234	61,916,835
Reserves	12	(40,032,031)	(24,872,835)
Equity attributable to owners of the Company		67,680,203	37,044,000
Non-controlling interests		6,272,096	–
TOTAL EQUITY		73,952,299	37,044,000
LIABILITIES			
Non-Current Liability			
Lease liabilities	16	227,650	–
Deferred tax liability	17	7,812	–
		235,462	–
Current Liabilities			
Contract liabilities	6	48,043	38,547
Trade payables	13	9,465,367	4,911,000
Other payables	14	5,278,247	7,966,221
Amount owing to a non-controlling interest	15	2,400,000	–
Lease liabilities	16	110,375	–
Current tax liabilities		1,245,106	–
		18,547,138	12,915,768
TOTAL LIABILITIES		18,782,600	12,915,768
TOTAL EQUITY AND LIABILITIES		92,734,899	49,959,768

STATEMENTS OF FINANCIAL POSITION
(cont'd)

		Company	
	Note	2021 RM	2020 RM
ASSETS			
Non-Current Asset			
Investment in subsidiary companies	18	63,831,065	50,512,480
Current Assets			
Other receivables	9	–	7,609,000
Amount owing by a subsidiary company	19	–	–
Cash and bank balances		70,560	10,590
		70,560	7,619,590
TOTAL ASSETS		63,901,625	58,132,070
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	107,712,234	61,916,835
Reserves	12	(44,288,450)	(4,454,332)
TOTAL EQUITY		63,423,784	57,462,503
LIABILITIES			
Current Liabilities			
Other payables	14	327,741	669,467
Amounts owing to subsidiary companies	19	150,100	100
		477,841	669,567
TOTAL EQUITY AND LIABILITIES		63,901,625	58,132,070

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	20	32,875,097	13,429,231	–	–
Cost of sales		(26,229,857)	(11,409,333)	–	–
Gross profit		6,645,240	2,019,898	–	–
Other operating income		857,359	1,266,459	155,000	20,000
Administrative expenses		(4,678,141)	(4,428,775)	(893,976)	(1,500,796)
Other operating expenses		(13,767,259)	(822,643)	(39,095,142)	(2,363,938)
Finance costs	21	(132,781)	(189,216)	–	–
Loss from operations		(11,075,582)	(2,154,277)	(39,834,118)	(3,844,734)
Share of (loss)/profit of joint ventures	4	(1,770,048)	434,886	–	–
Loss before taxation	22	(12,845,630)	(1,719,391)	(39,834,118)	(3,844,734)
Taxation	23	(1,274,471)	(8)	–	–
Loss for the financial year		(14,120,101)	(1,719,399)	(39,834,118)	(3,844,734)
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations		947,762	(501,906)	–	–
Total comprehensive loss for the financial year		(13,172,339)	(2,221,305)	(39,834,118)	(3,844,734)
Net (loss)/profit attributable to:					
- Owners of the Company		(16,106,958)	(1,719,399)	(39,834,118)	(3,844,734)
- Non-controlling interests		1,986,857	–	–	–
		(14,120,101)	(1,719,399)	(39,834,118)	(3,844,734)
Total comprehensive (loss)/ income attributable to:					
- Owners of the Company		(15,159,196)	(2,221,305)	(39,834,118)	(3,844,734)
- Non-controlling interests		1,986,857	–	–	–
		(13,172,339)	(2,221,305)	(39,834,118)	(3,844,734)
Loss per share attributable to owners of the Company (sen)					
- Basic and diluted	24	(2.64)	(0.77)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Share Capital RM	Capital Reserve RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
		← Attributable to Owners of the Company →						
		← Non-distributable →						
At 1 January 2021		61,916,835	17,567,825	2,821,078	(45,261,738)	37,044,000	–	37,044,000
Issuance of shares:								
- Rights issue	11(a)	39,245,399	–	–	–	39,245,399	–	39,245,399
- Private placement to acquire a subsidiary company	11(b)	6,550,000	–	–	–	6,550,000	–	6,550,000
Incorporation of a subsidiary company	18(d)	–	–	–	–	–	100,000	100,000
Acquisition of a subsidiary company	18(e)	–	–	–	–	–	4,185,239	4,185,239
(Loss)/Profit for the financial year		–	–	–	(16,106,958)	(16,106,958)	1,986,857	(14,120,101)
Other comprehensive income:								
- Exchange differences arising from translation of foreign operations		–	–	947,762	–	947,762	–	947,762
Total comprehensive income/(loss) for the financial year		–	–	947,762	(16,106,958)	(15,159,196)	1,986,857	(13,172,339)
At 31 December 2021		107,712,234	17,567,825	3,768,840	(61,368,696)	67,680,203	6,272,096	73,952,299

STATEMENTS OF CHANGES IN EQUITY
(cont'd)

		Attributable to Owners of the Company				
		Non-distributable				
Group	**Note**	**Share Capital RM**	**Capital Reserve RM**	**Foreign Exchange Translation Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 January 2020		57,142,100	17,567,825	3,322,984	(43,542,339)	34,490,570
Issuance of shares:						
- Private placement	11	4,774,735	–	–	–	4,774,735
Loss for the financial year		–	–	–	(1,719,399)	(1,719,399)
Other comprehensive loss:						
- Exchange differences arising from Translation of foreign operations		–	–	(501,906)	–	(501,906)
Total comprehensive loss for the financial year		–	–	(501,906)	(1,719,399)	(2,221,305)
At 31 December 2020		61,916,835	17,567,825	2,821,078	(45,261,738)	37,044,000

STATEMENTS OF CHANGES IN EQUITY
(cont'd)

Company	Note	Share Capital RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 January 2021		61,916,835	17,567,825	(22,022,157)	57,462,503
Issuance of shares:					
- Rights issue	11(a)	39,245,399	–	–	39,245,399
- Private placement	11(b)	6,550,000	–	–	6,550,000
Loss/Total comprehensive loss for the financial year		–	–	(39,834,118)	(39,834,118)
At 31 December 2021		107,712,234	17,567,825	(61,856,275)	63,423,784
At 1 January 2020		57,142,100	17,567,825	(18,177,423)	56,532,502
Issuance of shares:					
- Private placement	11	4,774,735	–	–	4,774,735
Loss/Total comprehensive loss for the financial year		–	–	(3,844,734)	(3,844,734)
At 31 December 2020		61,916,835	17,567,825	(22,022,157)	57,462,503

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash Flows From Operating Activities				
Loss before taxation	(12,845,630)	(1,719,391)	(39,834,118)	(3,844,734)
Adjustments for:				
Depreciation of property, plant and equipment	378,323	58,548	–	–
Share of loss/(profit) of joint ventures	1,770,048	(434,886)	–	–
Gain on disposal of subsidiary companies	–	(910,184)	–	(10,000)
Impairment loss/(Reversal of impairment loss) on:				
- contract assets	5,225,471	(116,486)	–	–
- trade receivables	6,849,958	256,996	–	–
- other receivables	555,735	477,837	(145,000)	145,000
- investment in subsidiary companies	–	–	39,095,142	176,080
- amounts owing from subsidiary companies	–	–	–	2,042,858
Interest expenses	132,781	189,216	–	–
Interest income	(39,544)	–	–	–
Operating profit/(loss) before changes in working capital	2,027,142	(2,198,350)	(883,976)	(1,490,796)
Changes in working capital:				
Contract assets/contract liabilities	2,043,499	6,017,689	–	–
Trade and other receivables	5,610,970	(6,980,441)	7,754,000	(7,049,000)
Trade and other payables	(8,886,959)	(5,357,708)	(341,725)	108,064
Property development cost	(352,440)	–	–	–
Amounts owing by/to subsidiary companies	–	–	(24,573,727)	3,657,529
	(1,584,930)	(6,320,460)	(17,161,453)	(3,283,407)
Cash generated from/(used in) operations	442,212	(8,518,810)	(18,045,429)	(4,774,203)
Interest received	39,544	–	–	–
Interest paid	(132,781)	(189,216)	–	–
Tax paid	(1,756,348)	(8)	–	–
	(1,849,585)	(189,224)	–	–
Net cash used in operating activities	(1,407,373)	(8,708,034)	(18,045,429)	(4,774,203)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash Flows From Investing Activities					
Dividend received from joint ventures	4	18,823,360	4,896,741	–	–
Purchase of property, plant and equipment	3	(11,084)	(8,854)	–	–
Proceeds from disposal of subsidiary companies, net of cash disposed		–	18,453	–	10,000
Investment in subsidiary companies		–	–	(21,140,000)	–
Acquisition of a subsidiary company, net cash acquired	18(e)	(20,918,736)	–	–	–
Net cash (used in)/generated from investing activities		(2,106,460)	4,906,340	(21,140,000)	10,000
Cash Flows From Financing Activities					
Proceeds from issuance of shares	11(a)	39,245,399	4,774,735	39,245,399	4,774,735
Proceed from issuance of shares to non-controlling interest	18(d)	100,000	–	–	–
Repayment of bank borrowings		(5,115,155)	–	–	–
Repayment of lease liabilities		(54,031)	–	–	–
Net cash generated from financing activities		34,176,213	4,774,735	39,245,399	4,774,735
Net increase in cash and cash equivalents		30,662,380	973,041	59,970	10,532
Cash and cash equivalents at the beginning of the financial year		1,594,295	621,254	10,590	58
Cash and cash equivalents at the end of the financial year		32,256,675	1,594,295	70,560	10,590
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		22,570,825	1,594,295	70,560	10,590
Fixed deposit with a licensed bank		9,685,850	–	–	–
		32,256,675	1,594,295	70,560	10,590

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are disclosed in Note 18 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business is located at Suite 11.01, 11th Floor, Campbell Complex, 98, Jalan Dang Wangi, 50100 Kuala Lumpur.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgemental or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.2 to the financial statements.

Amendments to accounting standards is effective for the Group's and the Company's financial year beginning on or after 1 January 2021 are as follows:

- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform - Phase 2:
  - ➢ Amendments to MFRS 4, "Insurance Contracts"
  - ➢ Amendments to MFRS 7, "Financial Instruments: Disclosures"
  - ➢ Amendments to MFRS 9, "Financial Instruments"
  - ➢ Amendments to MFRS 16, "Leases"
  - ➢ Amendments to MFRS 139, "Financial Instruments: Recognition and Measurement"

The above amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Accounting standard and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2022

- Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)
- Amendments to MFRS 116, "Property, Plant and Equipment" (Proceeds before Intended Use)
- Amendments to MFRS 137, "Provision, Contingent Liabilities and Contingent Assets" (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 - 2020:
  - ➢ Amendment to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards"
  - ➢ Amendment to MFRS 9, "Financial Instruments"
  - ➢ Amendment to Illustrative Examples accompanying MFRS 16, "Leases"
  - ➢ Amendment to MFRS 141, "Agriculture"

Annual periods beginning on/after 1 January 2023

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts"
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Disclosure of Accounting Policies)
- Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Accounting Estimates)
- Amendments to MFRS 112, "Income Taxes" (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

Effective date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10, "Consolidated Financial Statements" and MFRS 128, "Investments in Associates and Joint Ventures" (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The above accounting standard and amendments to accounting standards, are not expected to have significant impact to the financial statements of the Group and of the Company.

2.2 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Significant accounting estimates and judgements (cont'd)

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(a) Revenue from construction activities

The Group recognises construction revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining:

- the completeness and accuracy of the budgets;
- the extent of the costs incurred.

Substantial changes in cost estimates can in future periods have, a significant effect on the Group's revenue recognised. In making the above judgement, the Group relies on past experience and work of specialists.

(b) Measurement of expected credit loss allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Impairment of non-financial assets

The Group assess whether there are any indicators of impairment for all non-financial assets at each reporting date. When such indicators exist, recoverable amounts of the cash-generating unit are determined based on the value-in-use calculation. These calculations require the estimation of the expected future cash flows from the cash generating unit and a suitable discount rate is applied in order to calculate the present value of those cash flows.

2.3 Basis of consolidation

(a) Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation (cont'd)

(a) Subsidiary companies (cont'd)

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

(b) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. The classification either as joint operations or joint ventures depends upon on the contractual rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation (cont'd)

(b) Joint arrangements (cont'd)

A joint venture is accounted for in the financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and subsequently adjusted to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

2.4 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

2.5 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in the financial statements, unless otherwise stated.

(a) Investment in subsidiary companies

In the Company's separate financial statements, investment in subsidiary companies are carried at cost less accumulated impairment losses. On disposal of investment in subsidiary companies, the difference between disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(b) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial year in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

(ii) Depreciation and impairment

During the financial year, the Group had changed its depreciation method from the reducing balance method to the straight line method and revised the useful lives to 5 years for all its property, plant and equipment. The effects of the changes are disclosed in Note 3 to financial statements.

Property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives as follows:

Plant and machinery	5 years
Motor vehicles	5 years
Furniture, fittings and equipment	5 years
Air conditioners and renovation	5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(c) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(c) Impairment of non-financial assets (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(d) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(d) Financial assets (cont'd)

(iii) Subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade receivables, other receivables and amounts owing by a subsidiary company.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

  Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI

  Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

- FVTPL

  Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and Company's right to receive payments is established.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(d) Financial assets (cont'd)

(iv) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

For trade receivables and contract assets, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(f) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(i) Contingent assets and contingent liabilities

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognise because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(k) Foreign currencies

(i) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the translation reserve.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(k) Foreign currencies (cont'd)

(ii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the translation reserve.

Goodwill and fair value adjustments arising on the acquisitions of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income through the translation reserve.

The closing exchange rates used for each unit of the main foreign currency in the Group is:

	2021 **RM**	**2020** **RM**
United Arab Emirates ("UAE") Dirhams (AED)	1.1356	1.0936

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(l) Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(m) Leases - accounting by lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(n) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(o) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Directors that makes strategic decisions.

(p) Revenue and income recognition

(i) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(p) Revenue and income recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

Property development and construction activities

Revenue from property development and construction activities is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- the Group's effort or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract); or
- direct measurements of the value transferred by the Group to the customer (e.g. surveys or appraisals of performance completed to date).

Incremental consts of obtaining a contract, if recoverable, are capitalised as contract cost assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

(ii) Other revenue and income

Revenue and income from other sources are recognised as follows:

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(q) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (cont'd)

(q) Employee benefits (cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in profit or loss in the period to which they relate.

(r) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGU"), or Group of CGUs, that is expected to benefit from the synergies of the combination.

Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are uindertaken annually or more frequently if events or changes in circumtances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(s) Inventories

Property development cost

Property development costs are stated at the lower of cost and net reliable value. Net reliable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and anticipated costs to completion, or by management estimates based on prevailing market conditions.

Development cost comprises cost of land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, sold properties are recognised in profit or loss and unsold properties are transferred to developed properties held for sale.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Air conditioners and renovation RM	Total RM
2021					
Cost					
At 1 January 2021	110,852	99,204	360,755	561,984	1,132,795
Additions	–	–	11,084	–	11,084
Acquisition of a subsidiary company (Note:18(e))	–	949,765	3,699	–	953,464
At 31 December 2021	110,852	1,048,969	375,538	561,984	2,097,343
Accumulated depreciation					
At 1 January 2021	103,621	68,870	310,567	243,427	726,485
Charge for the financial year	7,230	112,184	44,618	214,291	378,323
Acquisition of a subsidiary company (Note: 18(e))	–	545,006	617	–	545,623
At 31 December 2021	110,851	726,060	355,802	457,718	1,650,431
Carrying amount					
At 31 December 2021	1	322,909	19,736	104,266	446,912
2020					
Cost					
At 1 January 2020	110,852	290,828	383,676	564,173	1,349,529
Additions	–	–	8,854	–	8,854
Disposal of subsidiary companies	–	(191,623)	–	–	(191,623)
Reclassification	–	(1)	4,769	863	5,631
Write-off	–	–	(36,544)	(3,052)	(39,596)
At 31 December 2020	110,852	99,204	360,755	561,984	1,132,795
Accumulated depreciation					
At 1 January 2020	102,817	219,746	333,492	210,388	866,443
Charge for the financial year	803	13,664	8,686	35,395	58,548
Disposal of subsidiary companies	–	(164,541)	–	–	(164,541)
Reclassification	1	1	4,933	696	5,631
Write-off	–	–	(36,544)	(3,052)	(39,596)
At 31 December 2020	103,621	68,870	310,567	243,427	726,485
Carrying amount					
At 31 December 2020	7,231	30,334	50,188	318,557	406,310

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the financial year, the Group had changed its depreciation method from the reducing balance method to the straight line method and revised the useful lives to 5 years for all its property, plant and equipment. This has resulted in depreciation charge being accelerated by RM248,644 during the financial year.

Included in property, plant and equipment of the Group are motor vehicles acquired under hire purchase financing with carrying amount of RM322,909 (2020: RMNil).

4. INVESTMENT IN JOINT VENTURES

	Group	
	2021 RM	**2020 RM**
At 1 January	21,165,460	26,228,010
Share of (loss)/profit during the financial year	(1,770,048)	434,886
Dividend from joint ventures	(18,823,360)	(4,896,741)
Exchange differences arising from translation of joint ventures	596,451	(600,695)
At 31 December	1,168,503	21,165,460

(a) The details of the unincorporated joint ventures are as follows:

Name of joint entity	**Country of incorporation and place of business**	**Effective ownership and voting interest 2021 %**	**2020 %**	**Principal activities**
IJM Construction Sdn.Bhd. - Sunway Builders Sdn. Bhd. - Zelan Holdings (M) Sdn. Bhd. - LFE Engineering Sdn. Bhd. Consortium ("ISZL")*	Abu Dhabi, United Arab Emirates	25	25	Designing, execution and completion of Zone C, Phase 1, Plot 1, Al Reem Island Development, consisting of five towers with an associated podium and villas
IJM Construction Sdn. Bhd. (Abu Dhabi Branch) - LFE Engineering Sdn. Bhd. (Abu Dhabi Branch) Joint Venture ("IJM-LFE")*	Abu Dhabi, United Arab Emirates	30	30	Execution and completion of Zone E2 Hotel Development, Phase 1, Plot 1, Al Reem Island

* Audited by a firm other than HLB AAC PLT

4. INVESTMENT IN JOINT VENTURES (CONT'D)

(b) Set out below are summarised financial information for the joint ventures which are accounted for using equity method.

(i) Summarised statement of financial position

	ISZL		IJM-LFE		TOTAL	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Current assets	6,936,717	15,753,531	898,160	26,036,686	7,834,877	41,790,217
Current liabilities	(2,262,704)	(22,785,569)	(1,142,529)	(390,304)	(3,405,233)	(23,175,873)
Non-current assets	–	23,288,078	–	31,358,454	–	54,646,532
Net assets/(liabilities)	4,674,013	16,256,040	(244,369)	57,004,836	4,429,644	73,260,876
Included in net assets are as follows:						
Cash and cash equivalents	446,703	506,441	3,201	1,258	449,904	507,699
Current financial liabilities (excluding trade payables)	(12,755)	(20,618,786)	(142,958)	(390,304)	(155,713)	(21,009,090)

4. INVESTMENT IN JOINT VENTURES (CONT'D)

(b) Set out below are summarised financial information for the joint ventures which are accounted for using equity method. (cont'd)

(ii) Summarised statement of profit or loss and comprehensive income

	ISZL		IJM-LFE		TOTAL	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	–	–	–	–	–	–
Interest income	513,970	238,044	2,199,172	1,352,668	2,713,142	1,590,712
Expenses	(3,803,378)	(95,760)	(5,602,528)	(21,619)	(9,405,906)	(117,379)
(Loss)/Profit	(3,289,408)	142,284	(3,403,356)	1,331,049	(6,692,764)	1,473,333
Income tax expense	–	–	–	–	–	–
(Loss)/Profit/Total comprehensive (loss)/income	(3,289,408)	142,284	(3,403,356)	1,331,049	(6,692,764)	1,473,333
Included in expenses above are as follows:						
Finance costs	1,897	–	–	–	1,897	–

4. INVESTMENT IN JOINT VENTURES (CONT'D)

(b) Set out below are summarised financial information for the joint ventures which are accounted for using equity method. (cont'd)

(iii) Reconciliation of summarised financial information

	ISZL		IJM-LFE		TOTAL	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Net assets						
At 1 January	16,256,040	16,439,500	57,004,836	73,727,118	73,260,876	90,166,618
(Loss)/Profit/Total comprehensive (loss)/ income for the financial year	(3,289,408)	142,284	(3,403,356)	1,331,049	(6,692,764)	1,473,333
Dividend from joint ventures	(8,849,259)	–	(55,370,152)	(16,322,470)	(64,219,411)	(16,322,470)
Foreign exchange differences	556,640	(325,744)	1,524,303	(1,730,861)	2,080,943	(2,056,605)
At 31 December	4,674,013	16,256,040	(244,369)	57,004,836	4,429,644	73,260,876
Interest in joint ventures (25%; 30%)	1,168,503	4,064,010	–*	17,101,450	1,168,503	21,165,460

* The Group has not recognised its share of loss during the financial year in the joint venture of IJM-LFE amounting to RM73,311 (2020: RMNil) as the accumulated losses of the joint venture has exceeded the Group's only investment in that joint venture. The Group's accumulated losses not recognised at the end of the reporting period is RM73,311 (2020: RMNil).

5. GOODWILL ON CONSOLIDATION

	Group 2021 RM	2020 RM
At 1 January	–	–
Acquisition of a subsidiary company (Note 18(e))	23,183,935	–
At 31 December	23,183,935	–

The Group considers each subsidiary company as a single cash generating unit ("CGU") and the carrying amount of goodwill is allocated to the respective subsidiary companies.

The goodwill arises from the acquisition of a subsidiary company, Cosmo Property Management Sdn. Bhd. ("COSMO") during the financial year. The carrying amount of goodwill is allocated to the CGU of COSMO.

The management carries out an annual review of recoverable amounts of its goodwill allocated and determines financial budgets based on past performance and its expectations of market developments.

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period is extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for the value-in-use calculations are as follows:

	2021
Gross profit margin	4.5% - 10.0%
Terminal growth rate	0.0%
Pre-tax discount rate	14.1%

6. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	Note	Group 2021 RM	2020 RM
Construction activities:			
Contract assets			
Amount due from contract customers	(a)	1,660,211	1,578,336
Accrued billings	(b)	~~5,381,535~~	~~5,381,536~~
Less: Accumulated impairment losses	29	(5,381,535)	(156,064)
		–	5,225,472
		1,660,211	6,803,808
Contract liabilities			
Amount due to contract customers(a)	(a)	(48,043)	(38,547)

6. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONT'D)

(a) Amount due from/(to) contract customers

	Group	
	2021 RM	2020 RM
Contract costs incurred to date	72,714,875	17,115,590
Add: Attributable profits	21,209,011	4,593,658
	93,923,886	21,709,248
Less: Progress billings	(92,311,718)	(20,169,459)
	1,612,168	1,539,789
Represented by:		
Amount due from contract customers	1,660,211	1,578,336
Amount due to contract customers	(48,043)	(38,547)
	1,612,168	1,539,789

(b) Accrued billings

Accrued billings represent unbilled revenue for projects that have reached its billing milestone.

(c) Unsatisfied long-term contracts

As at the end of the financial year, the aggregate amount of the transaction price allocated to the remaining unfulfilled performance obligations of the Group is RM33,359,445 (2020: RM33,572,668) which will be recognised as revenue when the relevant projects are completed, which are expected to occur over the next 12 months (2020: 18 months).

7. INVENTORIES

	Group	
	2021 RM	2020 RM
Property Development Costs		
Current		
At 1 January	–	–
Cost incurred during the financial year	352,440	–
At 31 December	352,440	–

The property development costs are incurred in relation to the joint venture development agreement with Aziho Trading Sdn. Bhd. for the Taman Residensi Mesra Phase 2 housing development project. The project is expected to commence development in year 2022.

8. TRADE RECEIVABLES

	Group	
	2021 RM	2020 RM
Trade receivables	18,282,131	15,480,915
Retention sum receivables	7,297,545	1,831,099
	25,579,676	17,312,014
Less: Accumulated impairment losses (Note 29)	(7,993,141)	(442,554)
	17,586,535	16,869,460

The Group's normal trade credit terms range from 60 to 90 days (2020: 60 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables of the Group are amounts of RMNil (2020: RM7,643,456) owing by related parties with a common shareholder of the Group respectively. These amounts are subject to normal trade terms.

9. OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	8,711,099	774,095	–	5,000,000
Deposits	3,887,325	2,823,066	–	2,754,000
Performance bond	4,500,000	–	–	–
Prepayments	14,836	1,111	–	–
	17,113,260	3,598,272	–	7,754,000
Less: Accumulated impairment losses (Note 29)	(1,033,572)	(477,837)	–	(145,000)
	16,079,688	3,120,435	–	7,609,000

Included in other receivables of the Company is an amount of RMNil (2020: RM5,000,000) owing by a related party with a common shareholder of the Group. The amount of RM5,000,000 was transferred from Teratai Megah Sdn. Bhd. (subsidiary company disposed in prior financial year) to the Company. As the outstanding balance is trade in nature, the amount is classified as trade receivables at the Group.

Included in other receivables of the Group is an amount of RM7,034,194 (2020: RMNil) represents advance payment to one of its supplier for a newly secured project.

Included in deposits of the Group is an amount of RM3,000,000 (2020: RMNil) being deposit paid for the joint venture development agreement with Aziho Trading Sdn. Bhd. for the Taman Residensi Mesra Phase 2 project.

Included in deposits of the Company is an amount of RMNil (2020: RM2,754,000) being deposit paid for the acquisition of Cosmo Property Management Sdn. Bhd. ("COSMO"). The acquisition of COSMO was completed during the current financial year.

10. FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit interest rates and maturity of deposit at the reporting date is 2% (2020: Nil) per annum and 7 days (2020: Nil days) respectively.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. SHARE CAPITAL

		Group/Company			
		Number of ordinary shares		Amount	
	Note	2021 Units	2020 Units	2021 RM	2020 RM
Issued and fully paid					
At 1 January		245,283,745	204,403,121	61,916,835	57,142,100
Issuance of shares:					
- Private placement		–	40,880,624	–	4,774,735
- Rights issue	(a)	490,567,490	–	39,245,399	–
- Private placement to acquire a subsidiary company	(b)	65,500,000	–	6,550,000	–
At 31 December		801,351,235	245,283,745	107,712,234	61,916,835

During the financial year, the Company increased its total issued and paid up share capital from RM61,916,835 to RM107,712,234 via:

(a) Rights issue

During the financial year, the Company issued 490,567,490 ordinary shares of RM0.08 per share via right issue. The purpose of issuance of shares are to:

(i) fully or partially settle the cash consideration for the acquisition of Cosmo Property Management Sdn. Bhd. ("COSMO") as disclosed in Note 18(e);
(ii) finance existing operations and projects as well as any new projects to be secured in the future over the short term; and
(iii) pay for the estimated expenses in relation to the corporate exercise.

(b) Private placement to acquire a subsidiary company

During the financial year, the Company issued 65,500,000 new ordinary shares of RM0.10 per share as consideration to acquire COSMO as disclosed in Note 18(e).

The new shares issued rank pari-passu in all respect with the existing ordinary shares of the Company.

12. RESERVES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Capital reserve	(a)	17,567,825	17,567,825	17,567,825	17,567,825
Foreign exchange translation reserve	(b)	3,768,840	2,821,078	–	–
Accumulated losses		(61,368,696)	(45,261,738)	(61,856,275)	(22,022,157)
		(40,032,031)	(24,872,835)	(44,288,450)	(4,454,332)

12. RESERVES (CONT'D)

(a) The capital reserve arose from the capital reduction exercise in previous financial years, after offsetting the Company's accumulated losses on the date of the reduction of share capital became effective.

(b) The foreign exchange translation reserve comprises the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's and the Company's presentation currency.

13. TRADE PAYABLES

	Group	
	2021 RM	2020 RM
Trade payables	5,679,791	4,472,563
Retention sums payables	3,785,576	438,437
	9,465,367	4,911,000

The normal trade credit term granted to the Group is 60 days (2020: 60 days).

14. OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	5,037,366	7,451,242	199,741	348,049
Accruals	240,881	514,979	128,000	321,418
	5,278,247	7,966,221	327,741	669,467

Included in other payables of the Group is an amount of RMNil (2020: RM4,086,506) owing to joint ventures.

Included in other payables of the Group is an amount of RM1,420,000 (2020: RMNil) owing to a Director.

15. AMOUNT OWING TO A NON-CONTROLLING INTEREST

The amount owing to a non-controlling interest is non-trade in nature and unsecured, interest-free and repayable on demand.

16. LEASE LIABILITIES

	Group	
	2021 RM	2020 RM
Gross lease payments:		
- Less than 1 year	122,784	–
- Between 1 to 5 years	239,445	–
	362,229	–
Less: Future finance charges	(24,204)	–
	338,025	–
Present value of lease liabilities:		
- Less than 1 year	110,375	–
- Between 1 to 5 years	227,650	–
	338,025	–
Analysed as:		
Repayable within twelve months	110,375	–
Repayable after twelve months	227,650	–
	338,025	–

The effective interest rate ranges from 4.18% to 5.24% (2020: Nil) per annum.

17. DEFERRED TAX LIABILITY

The movement on the net deferred tax liability is as follows:

	Group	
	2021 RM	2020 RM
At 1 January	–	–
Acquisition of a subsidiary company (Note 18(e))	10,258	–
Recognised in profit and loss (Note 23)	(2,446)	–
At 31 December	7,812	–

The component of deferred tax liability of the Group during the financial year is as follows:

	Group	
	2021 RM	2020 RM
Property, plant and equipment	7,812	–

18. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company 2021 RM	Company 2020 RM
Unquoted shares, at cost	94,744,805	67,054,805
Advance to a subsidiary company treated as quasi-investment	49,836,101	25,112,374
	144,580,906	92,167,179
Less: Accumulated impairment losses	(80,749,841)	(41,654,699)
	63,831,065	50,512,480

The advances to a subsidiary company is unsecured, interest-free with no fixed term of repayment. The Company does not anticipate repayment of the advances and they are determined to form part of the Company's net investment in subsidiary company.

The movement of the impairment losses are as follows:

	Company 2021 RM	Company 2020 RM
At 1 January	41,654,699	42,178,619
Charge during the financial year	39,095,142	176,080
Disposal of subsidiary companies	–	(700,000)
At 31 December	80,749,841	41,654,699

(b) Details of the subsidiary companies are as follows:

Name of companies	Country of incorporation and place of business	Effective ownership and voting interest 2021 %	Effective ownership and voting interest 2020 %	Principal activities
Direct holding:				
LFE Engineering Sdn. Bhd.	Malaysia	100	100	Provision of design and implementation of general and specialised electrical and mechanical engineering services and maintenance works as well as project management consultancy services
LFE Builder Sdn. Bhd.	Malaysia	100	100	Property investment
Lynex Construction Sdn. Bhd.	Malaysia	100	100	General contractors

18. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Details of the subsidiary companies are as follows: (cont'd)

Name of companies	Country of incorporation and place of business	Effective ownership and voting interest 2021 %	2020 %	Principal activities
Direct holding:				
LFE Technology Sdn. Bhd.	Malaysia	100	100	Provision of specialised engineering services for extra low voltage electrical systems and instrumental and control systems for intelligent transportation systems applications such as expressway traffic management systems, tunnel plant and traffic management systems and automatic cash transfer systems
LFE International Limited*	British Virgin Islands	100	100	Distribution of consumer electronics products
LFE Innovative Sdn. Bhd.	Malaysia	100	100	Providing consultant and installation service to embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet. Provide internet of things (IOT) facility service.
LFE Development Sdn. Bhd. ("LFED")	Malaysia	60	–	Property development and construction
Cosmo Property Management Sdn. Bhd. ("COSMO")	Malaysia	51	–	Provision of construction works and project management

* *Not audited by HLB AAC PLT and is not required to be audited in its country of incorporation as the Company is dormant.*

18. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Impairment assessment of investment in COSMO

The Group performed an impairment assessment on its investment in COSMO as the share of net assets of COSMO as at 31 December 2021 is lower than the investment cost of RM27,540,000.

The recoverable amount of the investment in COSMO has been determined based on value-in-use calculations. This calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a three-years period. Cash flows beyond the three-years period are extrapolated using the estimate growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the COSMO operates.

The key assumptions used for the value-in-use calculations are as follows:

	2021
Gross profit margin	4.5% - 10.0%
Terminal growth rate	0.0%
Pre-tax discount rate	14.1%

(d) Incorporation of LFED

On 2 August 2021, the Company incorporated LFED with a 60% interest controlling. The capital contribution of the Company amounted to RM150,000. The incorporation of LFED does not have a significant impact to the Group.

(e) Acquisition of COSMO

On 5 October 2020, the Company entered into a shares sale agreement with Resolute Accomplishment Sdn. Bhd., for the acquisition of 51% interests in COSMO at purchase consideration of RM27,540,000, to be satisfied by way of cash consideration of RM20,990,000 and issuance and allotment of 65,500,000 new ordinary shares of the Company at an issue price of RM0.10 each. COSMO became a subsidiary company of the Company on 26 April 2021.

	RM
Property, plant and equipment	407,841
Contract assets	2,115,877
Trade and other receivables	26,692,991
Cash and cash equivalents	71,264
Lease liabilities	(392,056)
Trade and other payables	(13,504,663)
Bank borrowings	(5,115,155)
Deferred tax liability	(10,258)
Current tax liabilities	(1,724,537)
Total identifiable net assets	8,541,304
Less: Non-controlling interest	(4,185,239)
Add: Goodwill on consolidation (Note 5)	23,183,935
Purchase consideration	27,540,000

18. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(e) Acquisition of COSMO (cont'd)

	RM
Purchase consideration	27,540,000
Less: Issuance of ordinary shares (Note 11(b))	(6,550,000)
Cash consideration	20,990,000
Less: Cash and cash equivalents acquired	(71,264)
Cash outflow on acquisition, net of cash acquired	20,918,736

The initial accounting for the above business combination is currently determined provisionally. The fair value of the identifiable assets, liabilities and contingent liabilities will only be determined via a purchase price allocation exercise which is expected to be completed in the financial year 2022.

Acquisition related costs of RM707,044 was charged to the Group's other operating expenses during the financial year.

(f) Summarised financial information of subsidiary companies with material non-controlling interests.

	Group	
	2021 RM	2020 RM
Carrying amount of non-controlling interests		
COSMO	6,175,710	–
Subsidiary with immaterial non-controlling interest	96,386	–
	6,272,096	–

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

(i) Summarised statement of financial position

	COSMO	
	2021 RM	2020 RM
Current		
Assets	26,731,751	–
Liabilities	(14,218,297)	–
Total net current assets	12,513,454	–
Non-current		
Assets	325,498	–
Liabilities	(235,462)	–
Total net non-current assets	90,036	–
Net assets	12,603,490	–

18. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(f) Summarised financial information of subsidiary companies with material non-controlling interests. (cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

	COSMO	
	2021 RM	**2020 RM**
Revenue	18,585,151	–
Profit before taxation	5,298,480	–
Taxation	(1,236,294)	–
Profit after taxation	4,062,186	–
Other comprehensive income	–	–
Total comprehensive income	4,062,186	–
Total comprehensive income allocated to non-controlling interest	1,990,471	–
Dividends paid to non-controlling interest	–	–
Percentage held by non-controlling interest	49%	–

(iii) Summarised statement of cash flows

	COSMO	
	2021 RM	**2020 RM**
Net cash generated from operating activities	6,059,089	–
Net cash used in financing activities	(5,169,186)	–
	889,903	–

19. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2021 RM	**2020 RM**
Current asset		
Amount owing by a subsidiary company	2,042,858	2,042,858
Less: Accumulated impairment lossess	(2,042,858)	(2,042,858)
	–	–
Current liability		
Amounts owing to subsidiary companies	(150,100)	(100)

These amounts are unsecured, interest-free and repayable on demand.

20. REVENUE

	Group 2021 RM	Group 2020 RM
Revenue recognised from contracts with customers:		
- Construction activities	32,875,097	13,429,231

Breakdown of revenue recognised from contracts with customers is as follows:

	Group 2021 RM	Group 2020 RM
Major goods and services		
Construction activities	32,875,097	13,429,231
Geographical market		
Malaysia	32,875,097	13,429,231
Timing of revenue recognition		
Over time	32,875,097	13,429,231

21. FINANCE COSTS

	Group 2021 RM	Group 2020 RM
Interest expense on:		
- Bank overdraft	17,899	–
- Banker's acceptance	16,462	–
- Lease liabilities	17,593	–
- Other advances	80,827	189,216
	132,781	189,216

22. LOSS BEFORE TAXATION

Loss before taxation is derived after charging/(crediting):

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Auditors' remuneration:				
- current year	135,000	98,000	42,000	42,000
- under provision in prior year	–	26,647	–	–
Depreciation of property, plant and equipment	378,323	58,548	–	–
Gain on disposal of subsidiary companies	–	(910,184)	–	(10,000)
Interest income	(39,544)	–	–	–
Realised loss on foreign exchange	332,607	831	–	–
Rental of assets:				
- Short-term leases	262,538	216,610	–	–
Impairment loss/(Reversal of impairment loss) on:				
- contract assets	5,225,471	(116,486)	–	–
- Investment in subsidiary companies	–	–	39,095,142	176,080
- trade receivables	6,802,462	256,996	–	–
- other receivables	555,735	477,837	(145,000)	145,000
- amounts owing from subsidiaries companies	–	–	–	2,042,858

23. TAXATION

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Current taxation:				
- Current year	1,236,838	–	–	–
- Under provision in prior years	40,079	8	–	–
	1,276,917	8	–	–
Deferred taxation: (Note 17)				
- Origination and reversal of temporary differences	(355)	–	–	–
- Over provision in prior year	(2,091)	–	–	–
	(2,446)	–	–	–
Taxation for the financial year	1,274,471	8	–	–

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

23. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss before taxation	(12,845,630)	(1,719,391)	(39,834,118)	(3,844,734)
Share of results of joint ventures, net of tax	1,770,048	(434,886)	–	–
Loss before taxation and share of results of joint ventures	(11,075,582)	(2,154,277)	(39,834,118)	(3,844,734)
Taxation at statutory tax rate of 24% (2020: 24%)	(2,658,140)	(517,026)	(9,560,188)	(922,736)
Expenses not deductible for tax purposes	337,821	265,292	9,560,188	922,736
Deferred tax assets not recognised	3,556,802	251,734	–	–
Under provision of current taxation in prior years	40,079	8	–	–
Over provision of deferred taxation in prior year	(2,091)	–	–	–
Taxation for financial year	1,274,471	8	–	–

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

	Group	
	2021 RM	2020 RM
Provisions	13,821,229	790,107
Unutilised tax losses	41,822,442	40,055,078
Unabsorbed capital allowances	21,521	–
	55,665,192	40,845,185
Deferred tax assets not recognised at 24% (2020: 24%)	13,359,646	9,802,844

The Group's unutilised tax losses brought forward from year of assessment ("YA") 2018 and before, can be carried forward for 10 consecutive years of assessment (i.e. from YAs 2018 to 2028). Unutilised tax losses from YA 2019 onwards can be carry forward for a maximum period of 10 consecutive years.

The deferred tax assets are not recognised due to uncertainty of the ability of the subsidiary company to generate future taxable profits which allow the deferred tax assets to be utilised against.

24. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the consolidated loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares issued during the financial year.

	Group 2021 RM	2020 RM
Loss for the financial year attributable to owners of the Company	(16,106,958)	(1,719,399)
Weighted average number of ordinary shares in issue	610,537,072	224,623,277
Basic loss per share (sen)	(2.64)	(0.77)

(b) Diluted loss per share

The diluted loss per share is equal to basic loss per share as the Company does not have any dilutive potential ordinary shares as at financial year end.

25. STAFF COSTS

	Group 2021 RM	2020 RM
Staff costs (excluding Directors)	687,180	581,606

Included in the staff costs above are contributions made to Employees Provident Fund under a defined contribution plan for the Group amounting to RM84,820 (2020: RM65,091).

26. RELATED PARTIES DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

There is no significant related party transaction carried out by the Company during the financial year.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

26. RELATED PARTIES DISCLOSURES (CONT'D)

Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Short-term benefits for:				
Directors				
- Fees	71,940	75,000	71,940	75,000
- Salaries	588,000	550,877	–	–
- EPF	67,680	76,438	–	–
- Others	121,502	105,869	43,500	29,500
	849,122	808,184	115,440	104,500
Key management personnel				
- Salaries	–	83,894	–	–
- EPF	–	10,080	–	–
- Others	–	616	–	–
	–	94,590	–	–
	849,122	902,774	115,440	104,500

27. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities:

	Lease liabilities RM	**Bank borrowings RM**	**Total RM**
At 1 January 2021	–	–	–
Acquisition of a subsidiary company (Note 18(e))	392,065	5,115,155	5,507,211
Net cash flows in financing activities	(54,031)	(5,115,155)	(5,169,186)
At 31 December 2021	338,025	–	338,025

28. SEGMENT INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

(a) Business segment

The reportable business segments of the Group comprise the following:

Construction, mechanical and electrical	:	Building construction works, mechanical and electrical works and other related services
Investment	:	Investment holding
Others	:	Dormant subsidiaries

28. SEGMENT INFORMATION (CONT'D)

(a) Business segment (cont'd)

Segment revenue, results and assets include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total assets are used to measure the return of assets of each segment.

The total segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors.

2021	**Construction, mechanical and electrical RM**	**Investment RM**	**Others RM**	**Total RM**
Revenue:				
Total operating revenue	32,875,097	–	–	32,875,097
Inter segment	–	–	–	–
External operating revenue	32,875,097	–	–	32,875,097
Results:				
Segment result	2,801,416	(738,976)	(35,298)	2,027,142
Interest income	39,544	–	–	39,544
Interest expenses	(132,781)	–	–	(132,781)
Depreciation of property, plant and equipment	(378,323)	–	–	(378,323)
Impairment loss on trade receivables	(6,849,958)	–	–	(6,849,958)
Impairment loss on contract assets	(5,225,471)	–	–	(5,225,471)
Impairment loss on other receivables	(555,735)	–	–	(555,735)
Share of loss of joint ventures	(1,770,048)	–	–	(1,770,048)
Loss before taxation	(12,071,356)	(738,976)	(35,298)	(12,845,630)
Taxation	(1,274,471)	–	–	(1,274,471)
Loss after taxation	(13,345,827)	(738,976)	(35,298)	(14,120,101)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. SEGMENT INFORMATION (CONT'D)

(a) Business segment (cont'd)

2021	Construction, mechanical and electrical RM	Investment RM	Others RM	Total RM
Assets				
Segment assets	88,449,232	70,560	4,215,107	92,734,899
Include:				
Goodwill on a consolidation	23,183,935	–	–	23,183,935
Investment in joint ventures	1,168,503	–	–	1,168,503
Liabilities				
Segment liabilities	17,012,114	327,741	1,442,745	18,782,600

2020	Construction, mechanical and electrical RM	Investment RM	Others RM	Total RM
Revenue:				
Total operating revenue	13,429,231	–	–	13,429,231
Inter segment	–	–	–	–
External operating revenue	13,429,231	–	–	13,429,231
Results:				
Segment result	(700,865)	(1,490,796)	(6,689)	(2,198,350)
Interest expenses	(189,216)	–	–	(189,216)
Depreciation of property, plant and equipment	(58,548)	–	–	(58,548)
Impairment loss on trade receivables	(256,996)	–	–	(256,996)
Impairment loss on other receivables	(477,837)	–	–	(477,837)
Gain on disposal of subsidiary companies	910,184	–	–	910,184
Reversal of impairment loss on contract assets	116,486	–	–	116,486
Share of profit of joint ventures	434,886	–	–	434,886
Loss before taxation	(221,906)	(1,490,796)	(6,689)	(1,719,391)
Taxation	(8)	–	–	(8)
Loss after taxation	(221,914)	(1,490,796)	(6,689)	(1,719,399)

28. SEGMENT INFORMATION (CONT'D)

(a) Business segment (cont'd)

2020	Construction, mechanical and electrical RM	Investment RM	Others RM	Total RM
Assets				
Segment assets	47,195,178	2,764,590	–	49,959,768
Include:				
Investment in joint ventures	21,165,460	–	–	21,165,460
Liabilities				
Segment liabilities	12,240,194	669,467	6,107	12,915,768

(b) Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amount of non-current assets do not include financial instruments and deferred tax assets.

	Malaysia RM	United Arab Emirates RM	Total RM
2021			
Revenue	32,875,097	–	32,875,097
Non-current assets	23,630,847	1,168,503	24,799,350
2020			
Revenue	13,429,231	–	13,429,231
Non-current assets	406,310	21,165,460	21,571,770

(c) Major customers

The following are the major customers individually accounting for 10% or more of Group revenue for current year and prior year:

		Group	
	Segment	**2021 RM**	**2020 RM**
Customer A	Construction, mechanical and electrical	18,594,883	13,026,859
Customer B	Construction, mechanical and electrical	14,100,214	–

29. FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments and their categories:

Group	2021 Financial assets and liabilities at amortised cost RM	2020 Financial assets and liabilities at amortised cost RM
Financial assets		
Trade receivables	17,586,535	16,869,460
Other receivables	16,064,852	3,119,324
Fixed deposit with a licensed bank	9,685,850	–
Cash and bank balances	22,570,825	1,594,295
	65,908,062	21,583,079
Financial liabilities		
Trade payables	9,465,367	4,911,000
Other payables	5,278,247	7,966,221
Amount owing to a non-controlling interest	2,400,000	–
Lease liabilities	338,025	–
	17,481,639	12,877,221
Company		
Financial assets		
Other receivables	–	7,609,000
Cash and bank balances	70,560	10,590
	70,560	7,619,590
Financial liabilities		
Other payables	327,741	669,467
Amounts owing to subsidiary companies	150,100	100
	477,841	669,567

Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade receivables and contract assets - accrued billings.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables and contract assets - accrued billings ageing.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

The ageing analysis of the Group's trade receivables and contract assets - accrued billings are as follows:

	Group	
	2021 RM	**2020 RM**
Neither past due nor individually impaired	10,719,941	7,808,995
Past due but not individually impaired:		
- Between 1 to 180 days	6,397,630	3,392,174
- Between 181 to 365 days	969,916	–
More than 365 days past due	–	11,492,381
	7,367,546	14,884,555
Individually impaired	12,873,724	–
	30,961,211	22,693,550

Trade receivables and contract assets - accrued billings that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

The Group's trade receivables and contract assets - accrued billings of RM7,367,546 (2020: RM14,884,555) respectively were past due but not individually impaired. These relate to a number of independent customers for whom there is no recent history of default.

The Group's trade receivables and contract assets - accrued billings of RM12,873,724 (2020: RMNil) respectively were individually impaired.

At the reporting date, the Group's concentration of the top 2 (2020: 5) trade customers of the Group represents 82% (2020: 95%) of the total trade receivables and contract assets - accrued billings.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

Credit risk (cont'd)

Movements on the Group's and the Company's loss allowance for impairment of trade receivables, contract assets - accrued billings and other receivables are as follows:

	Trade receivables RM	Contract assets - accrued billing RM	Other receivables RM	Total RM
Group				
2021				
At 1 January	442,554	156,064	477,837	1,076,455
Charge during the financial year	6,849,958	5,225,471	555,735	12,631,164
Acquisition of a subsidiary company	700,629	–	–	700,629
At 31 December	7,993,141	5,381,535	1,033,572	14,408,248
Represented by:				
Individually impaired	7,492,189	5,381,535	1,033,572	13,907,296
Lifetime expected credit loss impairment	500,952	–	–	500,952
Total	7,993,141	5,381,535	1,033,572	14,408,248
2020				
At 1 January 2020	226,657	364,877	–	591,534
Charge/(Reversal) during the financial year	256,996	(116,486)	477,837	618,347
Reversal due to disposal of subsidiary company	(41,099)	(92,327)	–	(133,426)
At 31 December 2020	442,554	156,064	477,837	1,076,455
Represented by:				
Individually impaired	–	–	477,837	477,837
Lifetime expected credit loss impairment	442,554	156,064	–	598,618
Total	442,554	156,064	477,837	1,076,455

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

Credit risk (cont'd)

Company	**Other receivables RM**
2021	
At January 2021	145,000
Reversal during the financial year	(145,000)
At 31 December 2021	–
Represented by:	
Lifetime expected credit loss impairment	–
2020	
At 1 January 2020	–
Charge during the financial year	145,000
At 31 December 2020	145,000
Represented by:	
Lifetime expected credit loss impairment	145,000

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, amount owing to non-controlling interest and lease liabilities.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM
Group						
2021						
Trade payables	9,465,367	–	9,465,367	9,465,367	–	–
Other payables	5,278,247	–	5,278,247	5,278,247	–	–
Amount owing to a non-controlling interest	2,400,000	–	2,400,000	2,400,000	–	–
Finance lease liabilities	338,025	4.18 - 5.24	362,229	122,784	186,931	52,514
	17,481,639		17,505,843	17,266,398	186,931	52,514
2020						
Trade payables	4,911,000	–	4,911,000	4,911,000	–	–
Other payables	7,966,221	–	7,966,221	7,966,221	–	–
	12,877,221		12,877,221	12,877,221	–	–

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

Liquidity risk (cont'd)

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM
2021				
Other payables	327,741	–	327,741	327,741
Amounts due to subsidiary companies	150,100	–	150,100	150,100
	477,841		477,841	477,841
2020				
Other payables	669,467	–	669,467	669,467
Amounts due to subsidiary companies	100	–	100	100
	669,567		669,567	669,567

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Cash flow and fair value interest rate risk

The Group's fixed rate borrowings are not exposed to a risk of change in interest rates.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2021 RM	2020 RM
Fixed rate instruments		
Financial assets	9,685,850	–
Financial liabilities	(338,025)	–

Since the Group's fixed rate financial liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's profit or loss.

(b) Foreign exchange risk

The Group is exposed to foreign exchange risk on advances from joint ventures that are denominated in a currency other than the respective functional currencies of Group's entities. The Group closely monitors its foreign currency exchange rate on an ongoing basis to ensure the net exposure is an acceptance level.

Foreign currency risk arises from Group entities which have a Ringgit Malaysia functional currency.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

Market risk (cont'd)

(b) Foreign exchange risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period were as follows:

	2021 RM	2020 RM
Group		
AED		
Other payables		
- Amount owing to joint ventures	–	(4,086,506)

Currency risk sensitivity analysis

The following shows the sensitivity of the Group's post-tax profit or loss to a reasonably possible change in the foreign currency exchange rate against the Group's functional currency ("RM"), with all other variables remain constant.

	Group Increase/(Decrease) profit or loss, net of tax	
	2021 RM	**2020 RM**
RM strengthening by 5% against AED	–	155,287

A 5% weakening of RM against the above currency at the end of the reporting period would have had equal opposite effect on the above currency to the amount shown above, on the basis that all other variables remain constant.

Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

The aggregate fair value of the other financial assets carried on the statements of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be recorded. Therefore, the fair value of hierarchy is not presented.

29. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

Market risk (cont'd)

(b) Foreign exchange risk (cont'd)

Fair value information (cont'd)

The following table analyses the fair values of financial instruments not carried at fair value, together with their carrying amounts in the statements of the financial position:

	2021	
	Carrying amount RM	**Fair value RM**
Group		
Lease liabilities	338,025	306,334

30. CAPITAL MANAGEMENT

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within reasonable levels.

	Group	
	2021 RM	**31.12.2020 RM**
Lease liabilities	338,025	–
Less: Fixed deposit with a licensed bank	(9,685,850)	–
Less: Cash and bank balances	(22,570,825)	(1,594,295)
Net liquidity	(31,918,650)	(1,594,295)
Equity attributable to owners of the Company	67,680,203	37,044,000
Gearing ratio	N/A	N/A

31. LITIGATION

Statement of claim by Falconer Chester Hall (UK) Limited ("Falconer UK") and Falconer Chester Hall (Asia) Sdn. Bhd.("Falconer Asia") (collectively as "Falconer") against the Company's subsidiary, LFE Engineering Sdn. Bhd. ("LFE")

On 4 February 2014, Falconer UK entered into an Architectural Consultancy Agreement with Shapadu Corporation Sdn. Bhd. ("SCSB") to provide architectural services for the City Village Development Project in Prescint 2, Putrajaya relating to the proposed development of a new corporate headquarters for SCSB, a hotel, residential, retail, leisure and associated facilities (the Project).

On 30 November 2014, Falconer UK and SCSB entered into the Deed and Novation agreement to novate, transfer and convey unto Falconer Asia all of the Falconer UK's rights, title, interest, benefits in, to or under the Architectural Consultancy Agreement.

On 15 Jan 2016, SCSB appointed LFE as the Project Management Consultant for the Project by way of a letter of appointment.

On 30 August 2016, Falconer, SCSB and LFE entered into an agreement, of which LFE shall manage, coordinate and supervise and make the necessary payment to Falconer on behalf of SCSB subject to at all times that SCSB has first made the payment to LFE.

However, SCSB decided to terminate the Project on 31 May 2017, and consequently, the architectural consultancy service provided by Falconer was also terminated.

As a result of the termination, Falconer filed a statement of claim against LFE dated 2 October 2019 for the final claim of work done amounting to RM2,863,090.28 based on the estimated total construction cost.

On 15 November 2019, LFE filed a defence statement against Falconer's claim and an application to strike out the suit as Falconer is not registered as an architect as mandated under the Architects Act 1967 at all material times, hence they are not entitled in law to render the architectural consultancy services or to describe themselves as an architect. The High Court had dismissed the application on 7 October 2020 and fixed the trial on 6 September to 10 September 2021.

The Company had issued notice to SCSB as the Co-defendant to claim contribution and indemnity against Falconer's claim.

The trial at High Court was conducted on 6 September 2021 to 10 September 2021 and 24 January 2022 to 27 January 2022 respectively and the hearing will reconvene on 15 June 2022.

32. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2022.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

Issued Paid-up Capital	:	RM107,712,234.67
Number of Issued Shares	:	801,351,235
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share held

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	Shareholdings	%
Less than 100	14	1.06	437	0.00
100 – 1,000	312	23.51	154,550	0.02
1,001 – 10,000	338	25.47	2,026,500	0.25
10,001 – 100,000	424	31.95	18,130,786	2.26
100,001 to less than 5% of issued share capital	235	17.71	498,070,766	62.15
5% and above of issued share capital	4	0.30	282,968,196	35.31
Total	1,327	100.00	801,351,235	100.00

Substantial Shareholders
As per the Register of Substantial Shareholders

	Shareholdings			
Name	Direct	%	Indirect	%
LIEW KIAM WOON	51,564,024	6.43	25,589,874[(a)]	3.19
NG KOK KHENG	87,600,000	10.93	–	–
SIERRA BONUS SDN BHD	82,604,172	10.31	–	–
RESOLUTE ACCOMPLISHMENT SDN BHD	65,500,000	8.17	–	–
AUDREY CHUA MEI LING	–	–	65,500,000	8.17

Notes:-
(a) Deemed interested by virtue of his shareholding in Liew Meow Realty Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("the Act").

Directors' Interests in Shares
As per the Register of Directors' Shareholdings

	Shareholdings			
Name	Direct	%	Indirect	%
LIEW KIAM WOON	51,564,024	6.43	25,589,874[(a)]	3.19
KOK TONG YONG	117,500	0.01	–	–
GOH CHEE HOE	–	–	–	–
LOO THIN TUCK	–	–	–	–
YM TUNKU AZLAN BIN TUNKU AZIZ	–	–	–	–
TNG LING LING	–	–	–	–
LIM SAY LEONG *(Appointed on 24 June 2021)*	–	–	–	–

Note:-
(a) Deemed interested by virtue of his shareholding in Liew Meow Realty Sdn Bhd pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS
(cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholdings	%
1.	NG KOK KHENG	87,600,000	10.93
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIERRA BONUS SDN BHD	82,604,172	10.31
3.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD UOB KAY HIAN SECURITIES (M) SDN BHD FOR RESOLUTE ACCOMPLISHMENT SDN BHD (LFECORP)	61,200,000	7.64
4.	LIEW KIAM WOON	51,564,024	6.43
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TRIUMPHANT VIEW SDN BHD	39,632,150	4.95
6.	GOH POH CHOO	36,710,000	4.58
7.	NG NGOON WENG	36,000,000	4.49
8.	LIEW TEOW WOON	33,893,535	4.23
9.	SHAPADU CAPITAL SDN BHD	29,677,250	3.70
10.	LIEW CHEE WOON	26,115,201	3.26
11.	LIEW MEOW NYEAN REALTY SDN BERHAD	25,589,874	3.19
12.	EUGENE LEE CHIN JIN	23,983,700	2.99
13.	CHONG FU SEONG	13,500,000	1.68
14.	TANG BOON HIAP	13,000,000	1.62
15.	TNEOH KIAN CHAI	11,862,900	1.48
16.	DAISY BLISS SDN BHD	11,666,667	1.46
17.	QUAH JO WEI	11,133,800	1.39
18.	NG ZI XIAN	9,699,900	1.21
19.	TONG HOCK SEN	8,965,600	1.12
20.	LEE BOON KIAN	8,430,000	1.05
21.	KHO SIEW BOEY	8,000,000	1.00
22.	LIM TIONG LAY	6,000,000	0.75
23.	TAN BOON LING	5,266,150	0.66
24.	KHO SIEW BOEY	5,133,800	0.64
25.	TEOH KIAN FUH	4,880,800	0.61
26.	TYE YONG POU	4,838,100	0.60
27.	RESOLUTE ACCOMPLISHMENT SDN BHD	4,300,000	0.54
28.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALAN RAJENDRAM A/L JEYA RAJENDRAM (SS2)	4,000,000	0.50
29.	ON HAI SWEE	3,932,068	0.49
30.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PAULINE TEH @ PAULINE TEH ABDULLAH	3,483,300	0.43
		672,662,991	83.93

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("the Meeting") of LFE Corporation Berhad ("the Company") which will be conducted fully virtual from the Online Meeting Platform at https://bit.ly/3KUCPSs provided by HMC Corporate Services Sdn Bhd on Tuesday, 28 June 2022 at 10.00 a.m. to transact the following businesses:-

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. — **Please refer to Note B on this agenda**

2. To approve the Directors' fees and benefits payable up to an amount of RM150,000 for the period from 29 June 2022 until the next Annual General Meeting of the Company to be held in 2023. — **Ordinary Resolution 1**

3. To re-elect the following Directors who retire pursuant to Clause 97.1 of the Company's Constitution:-

   3.1 Mr Liew Kiam Woon — **Ordinary Resolution 2**

   3.2 YM Tunku Azlan Bin Tunku Aziz — **Ordinary Resolution 3**

4. To re-elect Mr Lim Say Leong who is retiring as a Director of the Company pursuant to Clause 104 of the Company's Constitution. — **Ordinary Resolution 4**

5. To appoint Messrs. HLB Ler Lum Chew PLT as Auditors of the Company in place of the retiring auditors, Messrs. HLB AAC PLT and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

As Special Business

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

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** — **Ordinary Resolution 6**

   "**THAT** subject always to the Companies Act, 2016 ("Act"), Company's Constitution, Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being."

7. **PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** — **Ordinary Resolution 7**

   "**THAT** approval be and is hereby given for Mr Loo Thin Tuck who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

8. **PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 8**

"**THAT** subject to the passing of Ordinary Resolution 3, approval be and is hereby given for YM Tunku Azlan Bin Tunku Aziz who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order Of The Board
LFE CORPORATION BERHAD

WONG YOUN KIM (MAICSA 7018778)
SSM Practising Certificate No. 201908000410
Company Secretary
Kuala Lumpur
29 April 2022

Notes:-
A. Appointment of Proxy

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of shareholdings to be represented by each proxy.

3. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

4. This Form of Proxy must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding the Meeting or any adjournment thereof.

5. Only depositors whose names appear in the Record of Depositors as at 20 June 2022 shall be entitled to attend the Nineteenth Annual General Meeting.

B. Audited Financial Statements for the Financial Year ended 31 December 2021

The Audited Financial Statements under Agenda 1 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only as the approval of shareholders is not required, Hence, this Agenda is not put forward for voting by the shareholders of the Company.

Explanatory Notes on Ordinary Business:-

(a) Ordinary Resolution 1 - Pursuant to Section 230(1) of the Act, the fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Nineteenth Annual General Meeting ("AGM") on the payment of Directors' fees and benefits for the period commencing from 29 June 2022 until the next Annual General Meeting in year 2023.

The Directors' fees and benefits consist of :-
- Monthly fixed fee for duties as Director; and
- Meeting allowance for each Board/ Board Committee meeting attended.

The Directors' fees and benefits are estimated not to exceed RM150,000. The calculation is based on the estimated number of scheduled Board / Board Committee meetings and on assumption that the number of Directors will remain the same until the next AGM in year 2023.

(b) Ordinary Resolution 5 - To appoint Messrs. HLB Ler Lum Chew PLT as Auditors of the Company in place of the retiring Auditors, Messrs. HLB AAC PLT and to authorise the Directors to fix their remuneration.

The merger of audit firms HLB Ler Lum PLT (AF0276) and Morison AAC PLT (AF001977) (now known as HLB AAC PT) has created a new enlarged firm, rebranded as HLB Ler Lum Chew PLT (201906002363 & AF0276). As such, HLB AAC PLT will retire as Auditors of the Company after the 19th AGM.

Messrs. HLB Ler Lum Chew PLT have indicated their willingness to accept the appointment as Auditors of the Company in place of the retiring Auditors, Messrs. HLB AAC PLT.

Explanatory Notes on Special Business:-

(c) Ordinary Resolution 6 – Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016

The Proposed Ordinary Resolution 6, if passed, is to give the Directors of the Company flexibility to issue and allot shares up to an amount not exceeding ten per centum (10%) of the Company's total number of issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.

The general mandate sought for issue of shares is a renewal of the mandate approved by the shareholders at the last AGM held on 23 June 2021 which will lapse at the conclusion of this AGM.

Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the last AGM as the need does not arise for any fund raising activity for the purpose of investment, acquisition or working capital.

(d) Ordinary Resolutions 7 and 8 – Continuing in Office as Independent Non-Executive Directors

The Board through the Nomination Committee ("NC"), has determined that Mr Loo Thin Tuck and YM Tunku Azlan Bin Tunku Aziz are fair and impartial in carrying out their duties to the Company. As Director, they continue to bring independent and objective judgements to Board deliberations and decision-making process as a whole. Mr Loo Thin Tuck and YM Tunku Azlan Bin Tunku Aziz also have vast and diverse range of experiences and brings the right mix of skills to the Board. The Board therefore, endorsed the NC's recommendation for them to be retained as Independent Directors.

The Board will be seeking for shareholders' approval through a two-tier voting process as recommended by the Malaysian Code on Corporate Governance at the Nineteenth AGM to retain them as Independent Directors as their tenure as an Independent Directors has exceeded nine (9) years.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Nineteenth Annual General Meeting of the Company which will be conducted fully virtual from the Online Meeting Platform at https://bit.ly/3KUCPSs provided by HMC Corporate Services Sdn Bhd on Tuesday, 28 June 2022 at 10.00 a.m.

2. T he Directors who are standing for re-election at the Nineteenth Annual General Meeting of the Company pursuant to Clause 97.1 of the Constitution of the Company are:-

   (i) Mr Liew Kiam Woon
   (ii) YM Tunku Azlan Bin Aziz

   Mr Lim Say Leong eligible to re-elect as a Director of the Company at the Nineteenth Annual General Meeting pursuant to Clause 104 of the Company's Constitution.

   The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on pages from 9 to 11 of this Annual Report.

3. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2021 are disclosed in the Corporate Governance Overview Statement set out on page 21 of this Annual Report.

PERSONAL DATA PRIVACY :

By submitting an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the Company's AGM and/or any adjournment thereof, a member of the Company:-

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "***Purposes***").

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

FORM OF PROXY

LFE CORPORATION BERHAD [200201011680 (579343-A)]

CDS Account No.	
No of Shares Held	

I/We ………………………………………………………………. NRIC/Passport/Company No. ……………………………
(FULL NAME)

of ……………………………………………………………………………………………… being a member/members
(FULL ADDRESS)

of **LFE CORPORATION BERHAD ("the company")** hereby appoint ……………………………………………………
(FULL NAME)

NRIC/Passport No. …………………………… Tel No. ………………………… Email address ……………………………

of ……… or failing whom,
(FULL ADDRESS)

………
(FULL NAME)

NRIC/Passport No. …………………………… Tel No. ………………………… Email address ……………………………

of ………
(FULL ADDRESS)

or failing whom, the Chairman of the Meeting as my/our proxy to attend, speak and vote on my/our behalf at the NINETEENTH ANNUAL GENERAL MEETING of the Company ("the Meeting") which will be conducted fully virtual from the Online Meeting Platform at https://bit.ly/3KUCPSs provided by HMC Corporate Services Sdn Bhd on Tuesday, 28 June 2022 at 10.00 a.m. and at any adjournment thereof.

I / We direct my / our proxy to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder:

No.	Resolutions	For	Against
1.	Payment of Directors' Fees and Benefit from 29 June 2022 up to the next Annual General Meeting of the Company to be held in 2023.		
2.	Re-election of Mr Liew Kiam Woon		
3.	Re-election of YM Tunku Azlan Bin Tunku Aziz		
4.	Re-election of Mr Lim Say Leong		
5.	Appointment of Auditors		
6.	Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016		
7.	Continuing in Office as Independent Non-Executive Director – Mr Loo Thin Tuck		
8.	Continuing in Office as Independent Non-Executive Director – YM Tunku Azlan Bin Tunku Aziz		

Dated this ……………………… day of ……………………… 2022.

…………………………………………………………….
Signature/ common seal of shareholder

Notes:

1. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead.*
2. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of shareholdings to be represented by each proxy.*
3. *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *This Form of Proxy must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than not less than twenty-four (24) hours before the time appointed for holding the Meeting or any adjournment thereof.*
5. *Only depositors whose names appear in the Record of Depositors as at 20 June 2022 shall be entitled to attend the Nineteenth Annual General Meeting.*

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Stamp

THE COMPANY SECRETARY
LFE CORPORATION BERHAD
Registration No.: 200201011680 (579343-A)
C/O HMC Corporate Services Sdn. Bhd.
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

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Personal Data Privacy :

By submitting an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the Company's AGM and/or any adjournment thereof, a member of the Company accepts and agrees to the personal data privacy terms as asset out in the Notice of Annual General Meeting dated 29 April 2022.

Since 1967

LFE Corporation Berhad
Registration No.: 200201011680 (579343-A)
(Incorporated in Malaysia)

Suite 11.01, 11th Floor, Campbell Complex
98, Jalan Dang Wangi, 50100 Kuala Lumpur, Malaysia

Tel : 603 2694 8899 **Fax :** 603 2694 8833

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