since 1967

LFE Corporation Berhad

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

ANNUAL REPORT 2022

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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 2022 ("FYE 2022").

FINANCIAL REVIEW

We are proud to announce that the Group has successfully achieved a significant turnaround in performance, resulting in a profit from operations of RM3.17 million for the year ended 31 December 2022, compared to a loss from operations of RM11.08 million for the previous year. This positive result is a testament to the hard work and dedication of our team, and we are grateful for their contributions towards our success.

Our revenue has grown impressively, with the Group's revenue for the year ended 31 December 2022 amounting to RM73.23 million, representing an increase of 123% from the previous year's revenue of RM32.88 million. We attribute this growth to our strategic decision to diversify into the property development business and the new acquisition subsidiary, Cosmo Property Management Sdn Bhd ("CPMSB"), which have contributed to the Group's improved performance

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

PROPERTY DEVELOPMENT SEGMENT

In the years 2021 and 2022, the Group entered into a joint venture development agreement with the landowner to develop terrace houses in Kedah. This collaboration offers LFE the chance to swiftly establish itself in the property development sector. The project consists of 560 units of landed terrace house located at Gurun, Kedah ("Gurun East Project"). The Gurun East Project is selling well, and the response from buyers has been very positive. We are pleased to report that we are progressing well with the construction, and we anticipate the project will be delivered on time, barring any unforeseen circumstances.

The newly launched property development business recorded revenue of RM7.69 million, accounting for 10.5% of the Group's total revenue. This business segment also delivered a notable profit from operations of RM1.04 million, representing 32.8% of the Group's total profit from operation.

We are pleased with the positive performance of our property development business and are confident that its contribution to the Group's revenue and profit will continue to grow in the coming years. With a strong focus on customer demand and market trends, we will actively seek out new development opportunities to expand our portfolio and create long-term value for our stakeholders.

NEW ACQUIRED SUBSIDIARY

During the year ended 31 December 2022, Cosmo Property Management Sdn Bhd ("CPMSB"), our newly acquired subsidiary, made a significant contribution to the Group's revenue and operation profit. CPMSB generated RM53.88 million in revenue and RM4.23 million in profit from operations.

As previously announced, we plan to acquire the remaining 49% equity stake of CPMSB. This strategic move is motivated by our belief in the significant potential for further expansion and growth of CPMSB. We also see valuable synergies between CPMSB's existing operations and our own businesses, particularly in the property development sector.

As such, we have made the strategic decision to fully acquire CPMSB and take full control of the company. We aim to create higher value for our Group and leverage this acquisition to achieve our growth objectives. We remain committed to pursuing opportunities that enhance our competitive position and drive value for our stakeholders.

FUTURE PROSPECT

The Group's core business segment remains focused on construction and M&E services, which has been the cornerstone of our success. Our commitment to providing top-notch services to our clients has helped us to maintain a leading position in the industry. We are continuously seeking opportunities to enhance our market share and have taken significant strides to achieve this goal.

To further expand the Group's reach, we plan to expand our business geographically and are on the lookout for potential development opportunities in other parts of the country. We have taken great strides to ensure that the Group is well positioned to take advantage of the growth opportunities in the market.

As part of our growth strategy, we are investing heavily in our people, technology, and capabilities. Our employees are the driving force behind our success, and we believe in providing them with the tools and resources they need to excel. The Group remains committed to providing high-quality services to our clients while actively seeking out new opportunities for growth.

CORPORATE GOVERNANCE

As a responsible and sustainable business, we are dedicated to maintaining high standards of corporate governance, quality management, and economic, environmental, and social sustainability. We firmly believe that good corporate governance is essential for creating long-term value for our stakeholders. Our comprehensive corporate governance structure and processes 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 extend our heartfelt appreciation to our customers, suppliers, contractors, professional service providers, bankers, and all other business associates for their unwavering support and trust, especially during these challenging times. We also extend our sincerest gratitude to our shareholders for their trust and confidence in our organization. Our achievements would not have been possible without the unwavering support of our stakeholders, and we would like to express our gratitude for your continued trust in us.

Finally, I would like to thank my fellow Board members, the management team, and all staff members for their unwavering dedication and hard work in overcoming obstacles and challenges. Let us continue working together to deliver strong results and maintain our growth momentum in the years ahead.

LIEW KIAM WOON
Managing Director

MANAGING 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 2022.

FINANCIAL PERFORMANCE

Revenue

For the financial year ended 31 December 2022 ("FYE 2022"), the Group achieved a consolidated revenue of RM73.23 million, representing an impressive increase of RM40.35 million or 123% compared to the previous year's revenue of RM32.88 million.

This significant rise in revenue was primarily driven by the exceptional performance of the newly acquired subsidiary, Cosmo Property Management Sdn Bhd ("CPMSB"). In FYE 2022, CPMSB contributed RM53.88 million in revenue, which was entirely generated from civil and structural construction projects. CPMSB outstanding order book as at FYE 2022 amounted to RM168 million, providing strong earnings visibility for the coming years.

The Group's newly launched property development project, comprising 560 units of landed terrace houses located in Gurun, Kedah ("Gurun East Project"), also achieved revenue of RM7.69 million, accounting for 10.5% of the Group's total revenue.

Looking ahead, the Group expects its construction segments to continue as the primary contributors to its revenue in the foreseeable future. Furthermore, the Group anticipates the proportion of revenue generated from the property development segment to increase.

Gross Profit Margin (GP)

In FYE 2022, the Group recorded a Gross Profit ("GP") of RM7.58 million with a GP margin of 10%, a decrease from the previous year's GP margin of 20%. The Group recorded a lower gross profit margin due to CPMSB's new projects, a mixed development project located at Selangor, that commenced during the year, which had lower profit margins of 5%. This dragged down the Group's average project margins. Additionally, given the challenging outlook in the industry, the average profit margin in the construction sector is expected to decrease compared to the previous year. To address this challenge, the Group plans to implement measures to maintain or improve profit margins, such as improving cost management and increasing technology involvement in project management.

Other income

The Group's other operating income primarily comprises the reversal of impairment on receivables. In FYE 2022, the Group recorded a recovery of receivables amounting to RM1.15 million, which is an increase from RM0.80 million in FY 2021. This increase in the recovery of receivables reflects the management's efforts to recover any potential bad debts owed to the Group.

Administration Expenses

The Group's administrative expenses increased by a marginal RM0.22 million from RM4.68 million in the previous year to RM4.90 million. The administrative expenses comprised RM1.15 million for staff-related expenses, RM1.03 million for directors' remuneration, and RM0.25 million for depreciation.

Despite recording higher revenues and managing more projects than the previous year, the Group was able to limit the increase in its administrative expenses. This was due to effective control over expenditure and optimization of staffing arrangements. The management team is committed to continuing its efforts to maximize the Group's return through the efficient management of administrative expenses.

FINANCIAL PERFORMANCE (CONT'D)

Share of Loss from Joint Ventures

In FYE 2021, the joint venture of the Group reached a final settlement agreement with the client and received the final payment. During FYE 2022, the joint venture remained inactive, and the Group held discussions with its partners to terminate the joint venture.

Other Operating Expenses

The Group's other operating expenses saw a substantial decline from RM13.8 million in FYE 2021 to RM0.9 million in FYE 2022. The sharp decrease was primarily due to the one-off impairment of contract assets amounting to RM5.2 million and impairment of trade receivables worth RM6.8 million during FYE 2021. These impairment provisions were made because of long-overdue receivables and changes in the receivables' management team.

Finance Cost and Gearing

The Group's finance costs in FY2022 decreased significantly from the previous year, mainly due to the full settlement of advances from joint venture partners. The finance costs for the year were only incurred from hire purchase facilities for the Group's motor vehicle. As of 31 December 2022, the Group did not have any outstanding bank borrowings or overdrafts apart from hire purchase facilities. The Group's capital management objective is to maintain a strong credit rating, ensure the ability to operate as a going concern, instill market confidence, and enhance shareholder value.

Taxation

The tax expense of the Group primarily relates to its subsidiary, CPMSB, which is the main entity subject to income tax and does not have any tax loss credit carried forward from the previous year. As of 31 December 2022, the Group has not recognised a deferred tax asset of RM13 million, as it is unlikely that the relevant subsidiary will generate taxable profits in the future to utilize this benefit..

CONCLUSION

In recent years, the management has been committed to enhancing the Group's profitability and cost control. The Group's balance sheet has also shown signs of improvement, and the management is convinced that maintaining a strong balance sheet will help the Group weather difficult times.

The management will continue to prioritize the execution and monitoring of secured projects while actively pursuing and bidding for new projects with favorable margins. The Group's performance has successfully turned around as a result of the management's ongoing efforts. The management intends to maintain this momentum and strive for even better performance in the future.

GROUP FINANCIAL HIGHLIGHTS

	FPE 2018* RM	FPE 2019 RM	FPE 2020 RM	FPE 2021 RM	FPE 2022 RM
Revenue	13,751,766	18,855,668	13,429,231	32,875,097	73,227,340
Profit/(Loss) after taxation	(10,572,034)	116,867	(1,719,399)	(14,120,101)	1,930,980
Basic earnings/(loss) per share (sen) based on profit attributable to equity shareholders	(5.7)	0.06	(0.77)	(2.64)	0.06
Net assets	33,327,467	34,490,570	37,044,000	73,952,299	75,943,899
Net assets per share (sen)	17.94	16.87	16.49	12.12	9.48

* Due to the 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

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
Seksyen 13
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
KUALA LUMPUR, MALAYSIA
LFE ENGINEERING SDN BHD

Suite 11.01, 11th Floor
Campbell Complex
98, Jalan Dang Wangi
50100 Kuala Lumpur
Tel : 603-2694 8899
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 Cluster,
International City
Dubai, UAE
PO Box#36634
Tel : + 971 4 874 2377
Email : info@lfe.com.my

COMPANY SECRETARY

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

AUDITORS

Messrs HLB Ler Lum Chew PLT
(Formerly known as HLB Ler Lum PLT)
(201906002362 & AF 0276)
A-23-1, Level 23,
Hampshire Place Office,
157 Hampshire, No. 1 Jalan Mayang Sari,
Off Jalan Tun Razak,
50450 Kuala Lumpur
Tel : 603-7890 5588

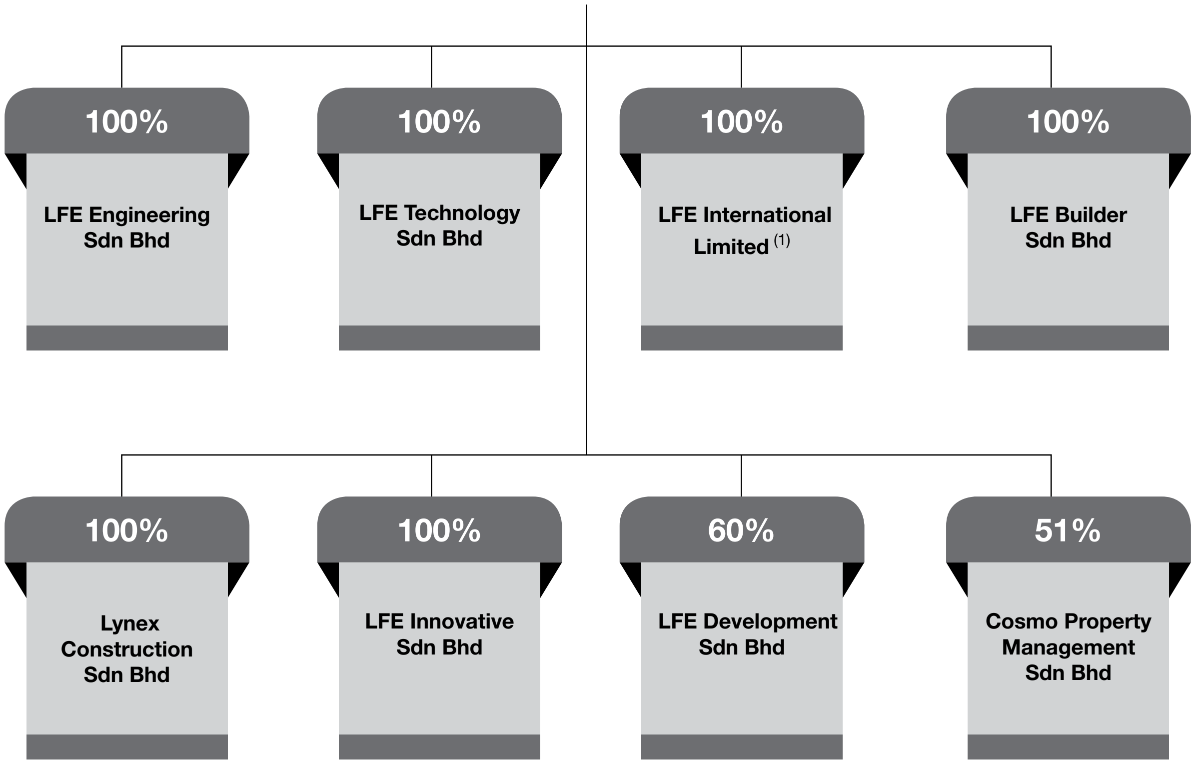
REGISTERED OFFICE

Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Tel : 603-2280 6388
Fax : 603-2280 6399

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

Malaysian
Male
Aged 60

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

Malaysian
Male
Aged 67

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-five (35) 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

Malaysian
Male
Aged 31

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

Malaysian
Male
Aged 58

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. He also is Council Member of Malaysian Institute of Chartered Company Secretaries (MICCS) and Vice President of Malaysian Association of Certified Bookkeepers & Administrators (MACBA). 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

Malaysian
Male
Aged 55

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 is presently the Chief Financial Officer of Scomi Energy Services Berhad. He was appointed to the Board of Sin Heng Chan (Malaya) Berhad since 2021 as an Independent Non-Executive Director.

Ms Tng Ling Ling

Independent Non-Executive Director

Malaysian
Female
Aged 39

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 seventeen (17) 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

Malaysian
Male
Aged 54

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 was a former independent director of 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 Sustainability Statement (“Statement”) which covers our responsibilities to our stakeholders and we have taken the 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 2022 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

The purpose of this report is to enhance transparency and disclosure to our stakeholders by providing them with economic, environmental, and social (“EES”) information about our Group. We aim to strengthen our relationship with our stakeholders by sharing our commitment to sustainability through this report. Our stakeholders include employees, investors, customers, business partners, suppliers, and communities we operate in. In this report, we will discuss the Material Sustainability Matters, which are the key sustainability risks and opportunities that impact our operations, and how we manage them. By adopting good corporate governance, environmentally responsible practices, and sound social policies, we believe that we can achieve sustainable growth and enhance long-term value for our Shareholders.

Feedback And Comments

LFE acknowledges that sustainability is an ongoing process, and it requires continuous effort to improve various areas, including performance targets and achievements. The Group values and appreciates the contribution and support of all stakeholders. LFE is committed to making sustainability a central aspect of its operations and delivering shared value to all stakeholders.

Furthermore, LFE invites input and feedback from all parties concerned on ways to enhance its sustainability efforts going forward. Such feedback is crucial to maximizing positive impacts on the three dimensions of Economic, Environmental, and Social.

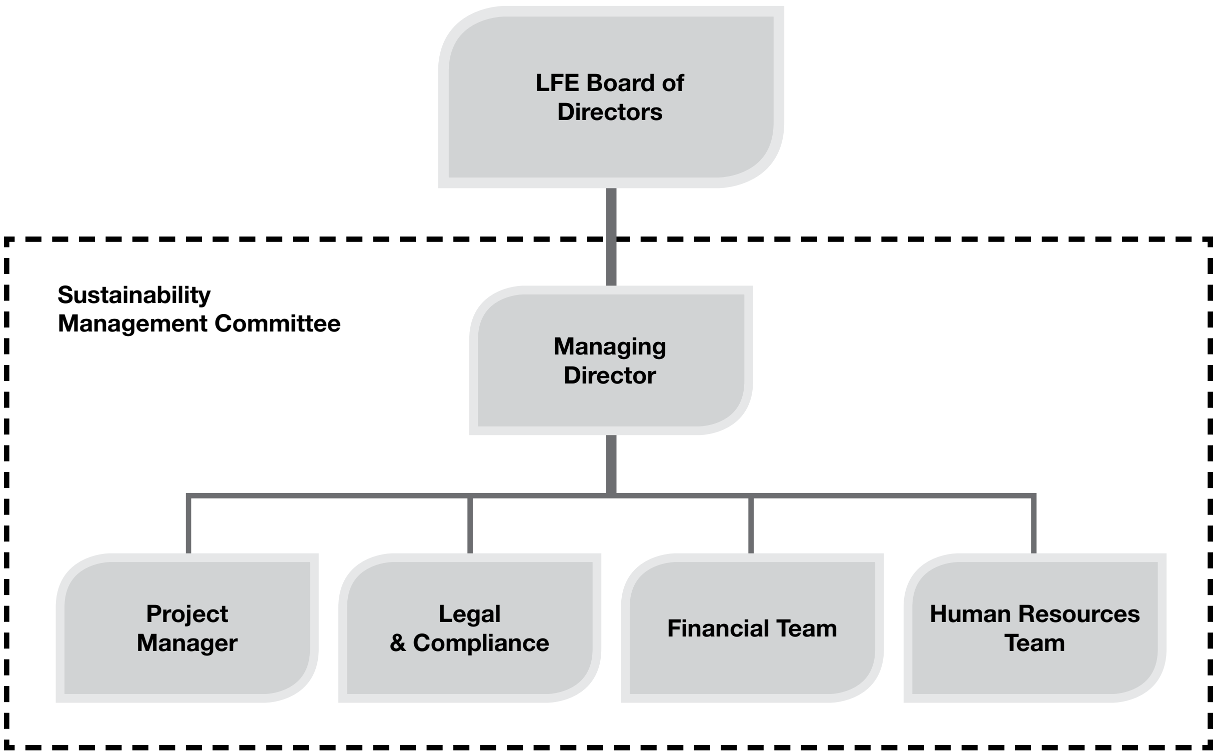
Comments and suggestions can be directed to:

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

To ensure our company's social and environmental goals are met, we have established a governance structure for our Global Sustainability program that supports our business. Our sustainability governance model ensures that our sustainability strategies are integrated into our business, providing long-term value to our stakeholders. The Managing Director chairs our sustainability program, with support from other Sustainability Committee members representing various key functions.

The Managing Director reviews and endorses all policies and frameworks in the development of the Group's sustainability practices. The Sustainability Committee monitors the implementation of sustainability initiatives in LFE and recommends approaches for managing material matters to the Managing Director. The Board of Directors oversees the Sustainability Committee and sets strategies that support long-term value creation, including strategies on EES considerations that underpin sustainability.



SUSTAINABILITY STATEMENT
(Cont'd)

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 2022 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

At LFE, we place great importance on maintaining and improving the quality of our products and services, as we believe it is a crucial element for achieving long-term business success. As a property constructor, delivering high-quality and timely property products is essential for sustainable growth. We are committed to meeting the needs of our customers and strive to create sustainable value for them through a superior product mix. Our team stays up-to-date with the latest industry trends and is always ready to adapt to new innovations while maintaining the same level of product quality. We understand that providing quality products and services not only satisfies our customers but also contributes to the overall success of our business. Therefore, we will continue to prioritize quality and strive for excellence in all aspects of our operations. LFE 's quality control and management in line with the Quality Policy commitment as required by ISO 9001:2015 Quality Management Systems – Requirements.

SUSTAINABILITY STATEMENT

(Cont'd)

ECONOMIC (CONT'D)

Customer satisfaction

Ensuring customer satisfaction is a top priority for LFE, as it is critical to building and maintaining our brand reputation over the long term. Across all our divisions, marketplace success hinges on customer satisfaction and engagement, and we are committed to actively seeking and incorporating feedback from our customers. To this end, we regularly conduct surveys, offer after-sales services, and compile completion reports. Our customers' satisfaction is largely influenced by the quality of our products, pricing competitiveness, quality of support services, reliability in delivery, and effective resolution of complaints.

Procurement Practices and Tender

The Group upholds the utmost standards of integrity, accountability, and transparency in all its procurement and tender processes. Procurements and tenders are subject to rigorous evaluation and approval by the relevant authority in accordance with ISO 9001:2015 Clause: 8.2. The Group strictly prohibits any form of corrupt practices in all business dealings and maintains a zero-tolerance policy towards such behavior. All officers are expected to adhere to ethical conduct, and any violation of this policy will be dealt with severely.

Contribution to the Local Economy

LFE recognizes its responsibility as a Malaysian company to contribute to the local community by generating direct economic activity and providing employment opportunities. While we do not have a formal policy in place for selecting suppliers and subcontractors, we aim to prioritize local suppliers and contractors whenever possible to support the community. Additionally, we believe in recruiting and developing local talent to increase the availability of skills and capabilities within the local workforce. In fact, all of LFE's staff are local hires in the locations where we operate.

SOCIAL

Providing Equal Opportunities for Our Employees

LFE values diversity and inclusivity in its workforce and strives to ensure equal opportunities for all individuals irrespective of their gender, race, or age. The company's performance appraisal system solely focuses on employees' performance and Key Performance Indicators, ensuring fair evaluation and recognition based on merit. The Management and HR departments follow a transparent recruitment and promotion process, selecting candidates based on their qualifications, experience, knowledge, and performance, without any discrimination.

Talent retention and development

At LFE, we recognize that our employees are our most valuable asset, and their development is crucial to the success of our business. To keep pace with the ever-changing business environment, we prioritize human capital development. This is achieved through regular training programs and internal promotions to motivate and empower our employees. Our culture encourages constant growth and development of our workforce to foster strong teamwork and build loyalty. As a responsible organization, we understand the importance of providing a comfortable workplace with ample opportunities and incentives for our employees to grow both personally and professionally, enabling them to make valuable contributions to our company and society.

Open Workforce Communications

The Group emphasizes open communication among all levels of employees and departments through regular interactive sessions between employees and senior management. Transparency is highly valued, and employee feedback is considered to make LFE an ideal place for employees to thrive. The company practices an open office culture, removing virtual barriers between departments and levels of management to facilitate the efficient dissemination of useful information. The Human Resources and Training Department plays an active role in identifying and understanding employees' needs to enhance their well-being.

SOCIAL (CONT'D)

Community Project

In 2022, LFE Group demonstrated its commitment to creating a positive impact on the community through various philanthropic initiatives. These events focused on both humanitarian and environmental causes, reflecting the Group's holistic approach to corporate social responsibility. The Group's staff played a vital role in these projects, actively participating in them and receiving positive responses from the community.

One of the significant initiatives undertaken by LFE was a collaboration with the FREE TREE SOCIETY ("FTS"), located at Bangsar Nursery, to conduct a tree replantation activity. The objective of this event was to promote the importance of greenery in the city and to provide an opportunity for the staff to engage in a meaningful and impactful activity. Through this initiative, LFE aimed to create a positive impact on the environment while improving the mental wellbeing of its staff.

In addition to the tree replantation activity, LFE Group also organized an essential food and product donation drive for the B40 community. This event was supported by Persatuan Kebajikan Hope Worldwide Malaysia and aimed to address the pressing needs of the underprivileged community. By providing essential items and support, LFE aimed to make a tangible difference in the lives of those who needed it the most. Through these events, LFE Group demonstrated its commitment to social responsibility and making a meaningful impact in the community.

Safety and Health

In LFE, safety is not just a slogan, but a crucial aspect of our daily operations. As a company operating in the construction and mechanical & electrical sectors, we understand the high risks involved in our projects. That is why we implement the highest safety and health standards with zero tolerance for compromise. All operators, officers, and supervisors must strictly adhere to LFE's safety policies, procedures, and performance objectives. Our staff undergo proper training and supervision before being assigned any work, and we ensure that all equipment used is certified fit for use by relevant authorities. Certain highly technical work is restricted to authorised personnel with the right license qualifications and experience. To further demonstrate our competence and capabilities, we have obtained licenses and certificates from various local authorities such as the Construction Industry Development Board (CIDB), Putrajaya Energy Commission, and Tenaga Nasional Berhad (TNB). We also comply with relevant health and safety laws and regulations, and our Human Resources Department ensures our Group remains compliant. We are proud to say that we have not received any punishment from the government nor have we been involved in any lawsuit related to health and safety.

SUSTAINABILITY STATEMENT
(Cont'd)

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, which are Reduce the amount of waste you create, using waste prevention measures; Re-use materials to avoid waste being created; and 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 recognises the importance of managing paper usage as a significant aspect of waste management in the company. To reduce the unnecessary usage of paper, the Group has implemented several strategies on waste management. Employees are encouraged to support paperless initiatives such as system approvals without the need for hardcopy printouts. If printing is necessary, double-sided printing is prioritised or by reusing draft papers whenever possible. From 2020, LFE reduced the printed copies of the annual report by encouraging shareholders to view and download it from our Group's website or via Bursa's website. Only shareholders who requested it were provided with a hardcopy of the annual report.

CONCLUSION

In conclusion, LFE is committed to practicing sustainability in all aspects of our business operations. We recognize the importance of taking a systematic approach to continually improving our sustainability framework. This will involve revisiting and reassessing our existing practices and implementing new initiatives to minimize our environmental impact and maximize our social and economic contributions.

To achieve this, we will actively engage with our stakeholders through various communication channels and maintain a robust dialogue with them. We will also establish clear and measurable key performance indicators for each sustainability theme, which will enable us to track our progress and identify areas for improvement.

Overall, LFE is dedicated to achieving sustainable growth and success by balancing economic, social, and environmental considerations. We believe that by working together with our stakeholders, we can create a more sustainable future for all.

This Statement is made in accordance with the resolution passed by the Directors at the Board of Directors' Meeting held on 26 April 2023.

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 2022. 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 2022 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 2022, is set out on pages 12 to 18 of the Annual Report 2022.

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 26 August 2022.

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 had 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") during the financial year ended 31 December 2022.

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 had sought 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 during the AGM held on 28 June 2022 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 2022 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	5/5
Lim Say Leong	5/5

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 2022 are as follows:-

Name of Directors	Training Attended	Date
Liew Kiam Woon	• MBAB – Webinar Digital Transformation Journey • MBAM Technical Visit to Langat CSTP • MIA International Accountants Conference 2022 Leading ESG, Charting Sustainability • Value as Source of Competitive Advantage • Third Malaysia Tax Policy Forum • Sustainable financing for the build environment • Construction Waste Management and the Best Practices • CIMB Cooler Earth Summit • MBAM – Webinar on Digital Transformation Journey Session 2 • MBAM – Embracing Modern Technology in Building a Better Future for Malaysian Construction Industry • MBAM – The ASEAN Constructors' Federation (ACF) Conferences- Together Shaping the Future of Construction in ASEAN • MBAM - CIDB Majlis Pembukaan Minggu Pembiaan Antarabangsa ICW 2022	28 Apr 2022 22 June 2022 8-9 June 2022 26 July 2022 1 Aug 2022 11 Aug 2022 20 Sept 2022 21 Sept 2022 28 Sept 2022 14 Oct 2022 17 Oct 2022 8 Nov 2022
Goh Chee Hoe	• MIA International Accountants Conference 2022 Leading ESG, Charting Sustainability	8-9 June 2022

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 2022 are as follows:- (Cont'd)

Name of Directors	Training Attended	Date
Kok Tong Yong	• Drive Cost Savings & Improve Productivity in Construction • Minimising Construction Delays with Filtration • Non Combustible Façade Engineering • Technical Visit to Langat Centralised ST Plant • Sustainable Financing for the Built Environment • Compliance Requirements of Communication & Hybrid (Electrical) Equipment • Construction Waste Management and the Best Practices • Embracing Modern Technology in Building a Better Future for Malaysian Construction Industry • Asean Constructors' Federation Conference – Together Shaping the Future of Construction	23 Feb 2022 10 Mar 2022 16 June 2022 22 June 2022 11 Aug 2022 30 Aug 2022 20 Sept 2022 14 Oct 2022 17 Oct 2022
Loo Thin Tuck	• A Review of Secretarial Practice and Recent Case Laws • CTIM Tax Audit and Investigation Road show 2022: Discussion Forum on Updates and Issues (Perak) • Tax Appeals and Director's Duty & Responsibilities • Dividends – When and How To Pay • AGM, Accounts Annual Returns Under Companies Act 2016 • Malaysian Tax Conference 2022 • SSM National Conference 2022 – Corporate Governance and Sustainability Needed Now More Than Ever • National Tax Conference 2022 • Pematuhan Kepada Keperluan Serah Simpan Penyata Tahunan Dan Kewangan Menurut Akta Syarikat 2016	22 Jan 2022 14 Feb 2022 21 Mar 2022 24 Mar 2022 2 June 2022 21-22 June 2022 26-27 July 2022 2-3 Aug 2022 10 Aug 2022
Tng Ling Ling	• Reassess Your Business, Accelerate The Sustainability	23 Sept 2022

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 2022, besides from attending the briefings conducted by the Company Secretary pertaining to the updates on the Listing Requirements, 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.

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

Company Secretary (Cont'd)

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.

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, one (1) meeting was 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.

The Board had on 26 May 2022 adopted a Fit and Proper Policy to serve as a guide for NC and the Board in their review and assessment of candidates that are to be appointed as well as Directors who are seeking for re-election.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(Cont'd)

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

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.

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 2022 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	6,500	421,002	53,880	551,382
Kok Tong Yong	3,000	198,239	6,240	207,479
Goh Chee Hoe	3,500	129,501	15,420	148,421
Non-Executive Directors				
Loo Thin Tuck	43,500	–	–	43,500
YM Tunku Azlan Bin Tunku Aziz	25,500	–	–	25,500
Tng Ling Ling	24,500	–	–	24,500
Lim Say Leong	21,000	–	–	21,000

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 2022, 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 28 to 30 for further information on our AC.

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

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.

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 31 to 33 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.

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 2022 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 26 April 2023.

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 2022, 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 2022.

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 2022 are as follows:

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

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 Summary Report which summarises the significant audit, accounting and internal control issues identified during the statutory audit for the financial year ended 31 December 2022;
- 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 RM140,000.00 in respect of the financial year ended 31 December 2022.

The Board at its meeting held on 25 November 2022, 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 Procurement and Investment/ Business Development; and Project Management, Human Resource and Compliance of the Group.
- follow-up audit report of the Group.
- suggestion on improvement opportunities in the areas of internal controls, systems, adequacy and efficiency improvements.

AUDIT COMMITTEE REPORT

(Cont'd)

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 2022 were outsourced to an independent assurance provider and the total costs incurred were amounted to RM36,000.

STATEMENT ON RISK MANGEMENT 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:

<u>Chairman</u>

YM Tunku Azlan Bin Tunku Aziz	Independent Non-Executive Director

<u>Members</u>

Loo Thin Tuck	Senior 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

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 2022, 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 26 April 2023.

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 2022 is RM45,000.

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 2022 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 2022.

4. **Utilisation of Proceeds Raised from Corporate Proposal**

   As at the date of the Notice of Twentieth Annual General Meeting, there were no proceed raised from corporate exercise during the financial year ended 31 December 2022.

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 2022, 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 2022.

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 2022.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are stated in Note 20 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 profit/(loss) for the financial year attributable to:		
- Owners of the Company	493,591	(1,198,504)
- Non-controlling interests	1,437,389	–
	1,930,980	(1,198,504)

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

There was no issuance of shares and 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

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 1.1.2022	**Acquired**	**Disposed**	**At 31.12.2022**
Interest in the Company				
Direct interest:				
Liew Kiam Woon	51,564,024	–	–	51,564,024
Kok Tong Yong	117,500	–	–	117,500
Indirect interest:				
Liew Kiam Woon^	25,589,874	–	–	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

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' REPORT
(Cont'd)

DIRECTORS' REMUNERATION

Directors' remuneration is as follows:

	Group RM	Company RM
Directors' fees	100,000	100,000
Salaries and other emoluments	742,500	–
Defined contribution plan	75,540	–
Other benefits	112,743	36,500
	1,030,783	136,500

SUBSIDIARY COMPANIES

Details of the subsidiary companies are disclosed in Note 20 to the financial statements.

AUDITORS' REMUNERATION

Auditors' remuneration is as follows:

	Group RM	Company RM
HLB Ler Lum Chew PLT		
- Statutory	140,000	42,000
- Non-statutory	45,000	45,000
	185,000	87,000

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.

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.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 33 to the financial statements.

AUDITORS

HLB Ler Lum Chew PLT (201906002362 & AF0276) have expressed their willingness to accept re-appointment.

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

LIEW KIAM WOON **GOH CHEE HOE**

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 47 to 98 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 2022 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**

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 47 to 98 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 on this date of)
) **LIEW KIAM WOON**

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LFE CORPORATION BERHAD
REGISTRATION NO.: 200201011680 (579343-A) (INCORPORATION IN MALAYSIA)

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 2022 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 47 to 98.

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 2022, 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.

DIRECTORS' REPORT

(Cont'd)

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 contracts and property development *Refer to Note 2.2(a), 2.5(p)(i) and 22 to the financial statements* During the financial year, the Group recognised revenue amounting to RM65,541,488 and RM7,685,852 from its construction contracts activities and property development activities respectively. We focused on this area because the accounting for construction contracts and property development 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: **Construction contracts** • 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; • Inspected the costs incurred to date and compared against sub-contractor claim certificates of work performed to corroborate the projects' progress towards satisfaction of the performance obligations and reasonableness of the estimated project budgets; • Reviewed the stage of completion of all on-going construction contracts to determine if any adjustments to the estimation for liquidated ascertained damages; • Discussed with the project team to understand the nature of variations orders and claims included in budgeted revenue and inspected correspondences from the customers; and • Performed re-computations on the calculation of the stage of completion to ascertain there is no mathematical error in the profit recognition. **Property development** • Evaluated the management's key judgements used in the estimation of total property development costs to documentation such as letter of awards, contracts, quotations and variations orders with contractors; • Tested sales of properties to signed sales and purchase agreements and billings raised to property buyers; • Evaluated the accuracy of profit being recognised in the profit or loss, including assessing any foreseeable losses due to cost overruns and/or delays arising from late delivery of vacant possession to purchasers by reviewing the contractual delivery dates of the signed agreements against the management's estimated delivery dates and progress reports; • Re-computed the stage of completion and checked the journal entries impacting revenue are recognised appropriately with reference to the computation of the stage of completion of the projects; and • Reviewed the elimination of unrealised profit and accounting treatment between developer and contractor within the group.

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 9 to the financial statements* As at 31 December 2022, the Group's gross trade receivables amounted to RM29,158,533. 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: • Obtained an understanding on the Group's credit control; • Recalculated the probability of default using historical data and forward-looking information adjustments applied by the Group; • Assessed the appropriateness and reasonableness of the assumptions applied in the management's assessment of the expected credit loss, taking into account specific known customers' circumstances; • Scrutinised the trade receivables ageing and investigated unusual trends and conditions that may indicate objective evidence of impairment; • Verified receipts from trade receivables subsequent to 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(r), and 6 to the financial statements* As at 31 December 2022, 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; • Reviewed the budgeted cash flow forecast prepared and approved by the management; • Assessed the methodology adopted and the mathematical accuracy of the discounted cash flow forecast calculations; • 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.

DIRECTORS' REPORT

(Cont'd)

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 20 to the financial statements*	
As at 31 December 2022, 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.

DIRECTORS' 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.

DIRECTORS' 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 20 to the financial statements.

OTHER MATTERS

1. 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.

2. The financial statements of the Company for the financial year ended 31 December 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion on these financial statements in their report dated 28 April 2022.

HLB LER LUM CHEW PLT
(201906002362 & AF0276)
Chartered Accountants

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

KUALA LUMPUR

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	314,856	446,912
Right-of-use assets	4	44,163	–
Investment in joint ventures	5	1,229,959	1,168,503
Goodwill on consolidation	6	23,183,935	23,183,935
		24,772,913	24,799,350
Current Assets			
Contract assets	7	11,765,520	1,660,211
Inventories	8	25,488,605	352,440
Trade receivables	9	20,868,225	17,586,535
Other receivables	10	9,383,557	16,079,688
Contract cost assets	11	1,086,433	–
Tax recoverable		256,276	–
Fixed deposits with licensed banks	12	12,767,441	9,685,850
Cash and bank balances		12,109,412	22,570,825
		93,725,469	67,935,549
TOTAL ASSETS		118,498,382	92,734,899
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	107,712,234	107,712,234
Reserves	14	(39,477,820)	(40,032,031)
Equity attributable to owners of the Company		68,234,414	67,680,203
Non-controlling interests		7,709,485	6,272,096
TOTAL EQUITY		75,943,899	73,952,299
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	15	150,150	227,650
Deferred tax liability	16	11,394	7,812
		161,544	235,462
Current Liabilities			
Contract liabilities	7	1,545,064	48,043
Trade payables	17	33,219,733	9,465,367
Other payables	18	5,477,942	5,278,247
Amount owing to a non-controlling interest	19	1,950,000	2,400,000
Lease liabilities	15	122,861	110,375
Current tax liabilities		77,339	1,245,106
		42,392,939	18,547,138
TOTAL LIABILITIES		42,554,483	18,782,600
TOTAL EQUITY AND LIABILITIES		118,498,382	92,734,899

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(Cont'd)

	Note	Company 2022 RM	Company 2021 RM
ASSETS			
Non-Current Asset			
Investment in subsidiary companies	20	57,355,054	63,831,065
Current Assets			
Amount owing by subsidiary company	21	–	–
Fixed deposits with licensed banks	12	1,934,256	–
Cash and bank balances		3,229,871	70,560
		5,164,127	70,560
TOTAL ASSETS		62,519,181	63,901,625
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	107,712,234	107,712,234
Reserves	14	(45,486,954)	(44,288,450)
TOTAL EQUITY		62,225,280	63,423,784
LIABILITIES			
Current Liabilities			
Other payables	18	143,801	327,741
Amounts owing to subsidiary companies	21	150,100	150,100
		293,901	477,841
TOTAL EQUITY AND LIABILITIES		62,519,181	63,901,625

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 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	22	73,227,340	32,875,097	–	–
Cost of sales		(65,650,573)	(26,229,857)	–	–
Gross profit		7,576,767	6,645,240	–	–
Other operating income		1,386,550	857,359	43,628	155,000
Administrative expenses		(4,898,583)	(4,678,141)	(475,973)	(893,976)
Other operating expenses		(863,904)	(13,767,259)	(766,159)	(39,095,142)
Finance costs	23	(25,944)	(132,781)	–	–
Profit/(Loss) from operations		3,174,886	(11,075,582)	(1,198,504)	(39,834,118)
Share of loss of joint ventures	5	–	(1,770,048)	–	–
Profit/(Loss) before taxation	24	3,174,886	(12,845,630)	(1,198,504)	(39,834,118)
Taxation	25	(1,243,906)	(1,274,471)	–	–
Profit/(Loss) for the financial year		1,930,980	(14,120,101)	(1,198,504)	(39,834,118)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations		60,620	947,762	–	–
Total comprehensive income/(loss) for the financial year		1,991,600	(13,172,339)	(1,198,504)	(39,834,118)
Profit/(loss) for the financial year attributable to:					
- Owners of the Company		493,591	(16,106,958)	(1,198,504)	(39,834,118)
- Non-controlling interests		1,437,389	1,986,857	–	–
		1,930,980	(14,120,101)	(1,198,504)	(39,834,118)
Total comprehensiveincome/(loss) attributable to:					
- Owners of the Company		554,211	(15,159,196)	(1,198,504)	(39,834,118)
- Non-controlling interests		1,437,389	1,986,857	–	–
		1,991,600	(13,172,339)	(1,198,504)	(39,834,118)
Earning/(Loss) per share attributable to owners of the Company (sen)					
- Basic and diluted	26	0.06	(2.64)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	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 2022	107,712,234	17,567,825	3,768,840	(61,368,696)	67,680,203	6,272,096	73,952,299
Profit for the financial year	–	–	–	493,591	493,591	1,437,389	1,930,980
Other comprehensive income:							
- Exchange differences arising from translation of foreign operations	–	–	60,620	–	60,620	–	60,620
Total comprehensive income for the financial year	–	–	60,620	493,591	554,211	1,437,389	1,991,600
At 31 December 2022	107,712,234	17,567,825	3,829,460	(60,875,105)	68,234,414	7,709,485	75,943,899
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	39,245,399	–	–	–	39,245,399	–	39,245,399
- Private placement	6,550,000	–	–	–	6,550,000	–	6,550,000
Incorporation of a subsidiary company	–	–	–	–	–	100,000	100,000
Acquisition of a subsidiary company	–	–	–	–	–	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
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(Cont'd)

Company	Share Capital RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 January 2022	107,712,234	17,567,825	(61,856,275)	63,423,784
Loss/Total comprehensive loss for the financial year	–	–	(1,198,504)	(1,198,504)
At 31 December 2022	107,712,234	17,567,825	(63,054,779)	62,225,280
At 1 January 2021	61,916,835	17,567,825	(22,022,157)	57,462,503
Issuance of shares:				
- Right issue	39,245,399	–	–	39,245,399
- Private placement	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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	3,174,886	(12,845,630)	(1,198,504)	(39,834,118)
Adjustments for:				
Amortisation of contract cost assets	84,446	–	–	–
Depreciation of property, plant and equipment	246,974	378,323	–	–
Depreciation of right-of-use assets	22,081	–	–	–
(Reversal of impairment loss)/Impairment loss on:				
- contract assets	(776,665)	5,225,471	–	–
- trade receivables	297,167	6,849,958	–	–
- other receivables	156,412	555,735	–	(145,000)
- investment in subsidiary companies	–	–	766,159	39,095,142
Interest expenses	25,944	132,781	–	–
Interest income	(184,397)	(39,544)	(31,904)	–
Share of loss of joint ventures	–	1,770,048	–	–
Operating profit/(loss) before changes in working capital	3,046,848	2,027,142	(464,249)	(883,976)
Changes in working capital:				
Contract assets/contract liabilities	(7,831,623)	2,043,499	–	–
Contract cost assets	(1,170,879)	–	–	–
Property development cost	(25,136,165)	(352,440)	–	–
Trade and other receivables	2,960,862	5,610,970	–	7,754,000
Trade and other payables	23,953,225	(8,886,959)	(183,940)	(341,725)
Amount owing to non-controlling interests	(450,000)	–	–	–
Amounts owing by/to subsidiary companies	–	–	5,709,852	(24,573,727)
	(7,674,580)	(1,584,930)	5,525,912	(17,161,453)
Cash (used in)/generated from operations	(4,627,732)	442,212	5,061,663	(18,045,429)
Interest received	184,397	39,544	31,904	–
Interest paid	(25,944)	(132,781)	–	–
Tax paid	(2,664,367)	(1,756,348)	–	–
	(2,505,914)	(1,849,585)	31,904	–
Net cash (used in)/generated from operating activities	(7,133,646)	(1,407,373)	5,093,567	(18,045,429)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(Cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash Flows From Investing Activities					
Dividend received from joint ventures		–	18,823,360	–	–
Purchase of property, plant and equipment	4	(114,918)	(11,084)	–	–
Investment in subsidiary companies		–	–	–	(21,140,000)
Acquisition of a subsidiary company, net cash acquired		–	(20,918,736)	–	–
Net cash used in investing activities		(114,918)	(2,106,460)	–	(21,140,000)
Cash Flows From Financing Activities					
Proceeds from issuance of shares		–	39,245,399	–	39,245,399
Proceed from issuance of shares to non-controlling interest		–	100,000	–	–
Repayment of bank borrowings		–	(5,115,155)	–	–
Repayment of lease liabilities		(131,258)	(54,031)	–	–
Net cash (used in)/generated from financing activities		(131,258)	34,176,213	–	39,245,399
Net (decrease)/increase in cash and cash equivalents		(7,379,822)	30,662,380	5,093,567	59,970
Cash and cash equivalents at the beginning 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		24,876,853	32,256,675	5,164,127	70,560
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		12,109,412	22,570,825	3,229,871	70,560
Fixed deposit with a licensed bank		12,767,441	9,685,850	1,934,256	–
		24,876,853	32,256,675	5,164,127	70,560

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 20 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 that are effective for the Group's and the Company's financial year beginning on or after 1 January 2022 are as follows:

- 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:
    - o Amendment to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards"
    - o Amendment to MFRS 9, "Financial Instruments"
    - o Amendment to Illustrative Examples accompanying MFRS 16, "Leases"
    - o Amendment to MFRS 141, "Agriculture"

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 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)

Annual periods beginning on/after 1 January 2024

- Amendments to MFRS 16, "Leases" (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Non-current Liabilities with Covenants)
- 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.

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 contracts and property development

The Group recognises construction contracts and property development 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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

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

2.2 Significant accounting estimates and judgements (Cont'd)

(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.

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.

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

2.3 Basis of consolidation (Cont'd)

(a) Subsidiary companies (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

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

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.

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

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.

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

2.5 Significant accounting policies (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

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 companies.

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 - accrued billings, 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 - accrued billings are grouped based on shared credit risk characteristics and days past due. The contract assets - accrued billings 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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

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.

(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.

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

2.5 Significant accounting policies (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

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 (Cont'd)

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.

(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.

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

2.5 Significant accounting policies (Cont'd)

(m) Leases - accounting by lessee (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

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

2.5 Significant accounting policies (Cont'd)

(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.

Construction contracts and property development

Revenue from construction contracts and property development are 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 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).

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.

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

2.5 Significant accounting policies (Cont'd)

(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.

(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 undertaken annually or more frequently if events or changes in circumstances 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, 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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

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
2022					
Cost					
At 1 January 2022	110,852	1,048,969	375,538	561,984	2,097,343
Additions	–	–	70,370	44,548	114,918
At 31 December 2022	110,852	1,048,969	445,908	606,532	2,212,261
Accumulated depreciation					
At 1 January 2022	110,851	726,060	355,802	457,718	1,650,431
Charge for the financial year	–	122,775	11,533	112,666	246,974
At 31 December 2022	110,851	848,835	367,335	570,384	1,897,405
Carrying amount					
At 31 December 2022	1	200,134	78,573	36,148	314,856
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	–	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	–	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

Included in property, plant and equipment of the Group are motor vehicles acquired under hire purchase financing with carrying amount of RM200,134 (2021: RM322,909).

4. RIGHT-OF-USE ASSETS

	Group 2022 RM	2021 RM
Cost		
At 1 January	–	–
Additions	66,244	–
At 31 December	66,244	–
Accumulated depreciation		
At 1 January	–	–
Charge for the financial year	22,081	–
At 31 December	22,081	–
Carrying amount	44,163	–

5. INVESTMENT IN JOINT VENTURES

	Group 2022 RM	2021 RM
At 1 January	1,168,503	21,165,460
Share of loss during the financial year	–	(1,770,048)
Dividend from joint ventures	–	(18,823,360)
Exchange differences arising from translation of joint ventures	61,456	596,451
At 31 December	1,229,959	1,168,503

(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 2022 %	2021 %	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

The audited financial statements for the financial year ended 31 December 2022 of these joint ventures are not available at the date of the financial statements of the Group as it is not required by the local legislations to have their financial statements audited. Hence, the management accounts of the said joint ventures for the financial year ended 31 December 2022 have been used for equity accounting.

5. 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	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Current assets	7,301,546	6,936,717	945,398	898,160	8,246,944	7,834,877
Current liabilities	(2,381,709)	(2,262,704)	(1,202,619)	(1,142,529)	(3,584,328)	(3,405,233)
Net assets/(liabilities)	4,919,837	4,674,013	(257,221)	(244,369)	4,662,616	4,429,644
Included in net assets are as follows:						
Cash and cash equivalent	470,197	446,703	3,370	3,201	473,567	449,904
Current financial liabilities (excluding trade payables)	(13,426)	(12,755)	(150,477)	(142,958)	(163,903)	(155,713)

5. 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	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	–	–	–	–	–	–
Interest income	–	513,970	–	2,199,172	–	2,713,142
Expenses	–	(3,803,378)	–	(5,602,528)	–	(9,405,906)
Loss	–	(3,289,408)	–	(3,403,356)	–	(6,692,764)
Income tax expense	–	–	–	–	–	–
Loss/Total comprehensive loss	–	(3,289,408)	–	(3,403,356)	–	(6,692,764)
Included in expenses above are as follows:						
Finance costs	–	1,897	–	–	–	1,897

5. 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	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**	**2022 RM**	**2021 RM**
Net assets/(liabilities)						
At 1 January	4,674,013	16,256,040	(244,369)	57,004,836	4,429,644	73,260,876
Loss/Total comprehensive loss for the financial year	–	(3,289,408)	–	(3,403,356)	–	(6,692,764)
Dividend from joint ventures	–	(8,849,259)	–	(55,370,152)	–	(64,219,411)
Foreign exchange differences	245,824	556,640	(12,852)	1,524,303	232,972	2,080,943
At 31 December	4,919,837	4,674,013	(257,221)	(244,369)	4,662,616	4,429,644
Interest in joint venture (25%; 30%)	1,229,959	1,168,503	–*	–*	1,229,959	1,168,503

* The Group has not recognised its share of loss during the financial year in the joint venture of IJM-LFE amounting to RM3,855 (2021: RM73,311) as the accumulated losses of the joint venture has exceeded the Group's investment in that joint venture. The Group's accumulated losses not recognised at the end of the reporting period is RM77,166 (2021: RM73,311).

6. GOODWILL ON CONSOLIDATION

	Group 2022 RM	2021 RM
At 1 January	23,183,935	–
Acquisition of a subsidiary company	–	23,183,935
At 31 December	23,183,935	23,183,935

The goodwill arises from the acquisition of a subsidiary company, Cosmo Property Management Sdn. Bhd. ("COSMO") in the prior year. The Group considers COSMO as a single cash generating unit ("CGU") and the carrying amount of goodwill is allocated to 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 (2021: three-year period). Cash flows beyond the three-year period (2021: 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:

	2022	2021
Gross profit margin	4.5%-10.0%	4.5% - 10.0%
Terminal growth rate	0.0%	0.0%
Pre-tax discount rate	11.3%	14.1%

7. CONTRACT ASSETS/(CONTRACT LIABILITIES)

The analysis of contract assets and contract liabilities are as follows:

	Note	Group 2022 RM	2021 RM
Contract assets			
Construction activities:			
- Amount due from contract customers	(a)	10,883,396	1,660,211
- Accrued billings	(b)	4,604,870	5,381,535
Less: Accumulated impairment losses	31	(4,604,870)	(5,381,535)
		–	–
Property development contracts	(d)	882,124	–
		11,765,520	1,660,211
Contract liabilities			
Construction activities:			
- Amount due to contract customers	(a)	(1,545,064)	(48,043)
		10,220,456	1,612,168

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

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

The analysis of contract assets and contract liabilities are as follows: (Cont'd)

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

	Group	
	2022 RM	2021 RM
Contract costs incurred to date	120,449,106	72,714,875
Add: Attributable profits	23,632,028	21,209,011
	144,081,134	93,923,886
Less: Progress billings	(134,742,802)	(92,311,718)
	9,338,332	1,612,168
Represented by:		
Amount due from contract customers	10,883,396	1,660,211
Amount due to contract customers	(1,545,064)	(48,043)
	9,338,332	1,612,168

(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 RM268,598,573 (2021: RM33,359,445) which will be recognised as revenue when the relevant projects are completed, which are expected to occur over the next 24 months (2021: 12 months).

(d) Property development contracts

	Group	
	2022 RM	2021 RM
At 1 January	–	–
Revenue recognised during the financial year	7,685,852	–
Less: Progress billing during the financial year	(6,803,728)	–
At 31 December	882,124	–

Property development contracts represents the timing differences in revenue recognition and the billing milestone. The Group issue progress billings to purchases when the billing milestones are attained and recognise revenue when the performance obligation are satisfied.

8. INVENTORIES

	Group 2022 RM	Group 2021 RM
Property Development Costs		
At 1 January		
Development costs	352,440	–
Costs incurred during the financial year		
Land costs	24,431,712	–
Development costs	6,980,890	352,440
	31,412,602	352,440
Accumulated costs recognised in profit or loss		
At beginning of the financial year	–	–
Recognised during the financial year	(6,276,437)	–
At end of the financial year	(6,276,437)	–
At 31 December	25,488,605	352,440
Represented by:		
Land costs	24,431,712	–
Development costs	7,333,330	352,440
Accumulated costs recognised in profit or loss	(6,276,437)	–
At 31 December	25,488,605	352,440

The property development costs are incurred in relation to the joint venture development agreement for the Taman Residensi Mesra Phase 2 and Phase 3 housing development project.

9. TRADE RECEIVABLES

	Group 2022 RM	Group 2021 RM
Trade receivables	21,453,129	18,282,131
Retention sum receivables	7,705,404	7,297,545
	29,158,533	25,579,676
Less: Accumulated impairment losses (Note 31)	(8,290,308)	(7,993,141)
	20,868,225	17,586,535

The Group's normal trade credit terms range from 60 to 90 days (2021: 60 to 90 days). Other credit terms are assessed and approved on a case by case basis.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

10. OTHER RECEIVABLES

	Note	Group 2022 RM	Group 2021 RM
Other receivables	(a)	2,064,769	8,711,099
Deposits	(b)	3,979,380	3,887,325
Performance bond	(c)	4,500,000	4,500,000
Prepayments		29,392	14,836
		10,573,541	17,113,260
Less: Accumulated impairment losses (Note 31)		(1,189,984)	(1,033,572)
		9,383,557	16,079,688

(a) Included in other receivables of the Group is an amount of RMNil (2021: RM7,034,194) being advance payment to one of its supplier for a newly secured project.

(b) Included in deposits of the Group is an amount of RMNil (2021: RM3,000,000) being deposit paid for the joint venture development agreement for the Taman Residensi Mesra Phase 2 project.

Included in deposits of the Group is an amount of RM2,000,000 (2021: RMNil) being deposit paid for the joint venture development agreement for the Taman Residensi Mesra Phase 4 project.

Included in deposits of the Group is an amount of RM1,500,000 (2021: RMNil) being deposit paid for a project management agreement for the project located at Junjong Kedah, the agreement is currently under discussion for the finalisation of its terms.

(c) Performance bond of the Group is an amount of RM4,500,000 (2021: RM4,500,000) being performance bond paid for the on-going project located at Ara Damansara, Selangor which is expected to complete on December 2024.

11. CONTRACT COST ASSETS

	Group 2022 RM	Group 2021 RM
At 1 January	–	–
Additions during the financial year	1,170,879	–
Amortisation during the financial year	(84,446)	–
At 31 December	1,086,433	–

The contract cost assets represent incidental costs of obtaining a contract with a customer. In the course of the Group's property development activities, the Group incurred sales commission and agent fees in conducting the sales.

12. FIXED DEPOSITS WITH LICENSED BANKS

The Group's fixed deposit interest rates and maturity of deposit at the reporting date range from 0.24% to 1.80% (2021: 2%) per annum and 1 month to 12 months (2021: 7 days) respectively.

The Company's fixed deposit interest rates and maturity of deposit at the reporting date is 1.77% (2021: Nil) per annum and 1 month (2021: Nil) respectively.

13. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2022 Units	2021 Units	2022 RM	2021 RM
Issued and fully paid				
At 1 January	801,351,235	245,283,745	107,712,234	61,916,835
Issuance of shares:				
- Rights issue	–	490,567,490	–	39,245,399
- Private placement	–	65,500,000	–	6,550,000
At 31 December	801,351,235	801,351,235	107,712,234	107,712,234

14. RESERVES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Capital reserve	(a)	17,567,825	17,567,825	17,567,825	17,567,825
Foreign exchange translation reserve	(b)	3,829,460	3,768,840	–	–
Accumulated losses		(60,875,105)	(61,368,696)	(63,054,779)	(61,856,275)
		(39,477,820)	(40,032,031)	(45,486,954)	(44,288,450)

(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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

15. LEASE LIABILITIES

	Group 2022 RM	Group 2021 RM
Repayable within twelve months	122,861	110,375
Repayable after twelve months	150,150	227,650
	273,011	338,025

The effective interest rate ranges from 3.78% to 5.49% (2021: 4.18% to 5.24%) per annum.

16. DEFERRED TAX LIABILITY

The analysis of deferred tax liability is as follow:

	Group 2022 RM	Group 2021 RM
At 1 January	7,812	–
Acquisition of a subsidiary company	–	10,258
Charged/(Credited) to profit or loss: (Note 25)	3,582	(2,446)
At 31 December	11,394	7,812

The components of deferred tax asset and liability of the Group during the financial year prior to offsetting are as follows:

	Group 2022 RM	Group 2021 RM
Deferred tax asset:		
- Provisions	(288)	–
Offsetting	288	–
Net deferred tax asset	–	–
Deferred tax liability:		
- Property, plant and equipment	11,682	7,812
Offsetting	(288)	–
Net deferred tax liability	11,394	7,812

17. TRADE PAYABLES

	Group	
	2022 RM	2021 RM
Trade payables	25,154,530	5,679,791
Retention sums payables	7,557,381	3,785,576
Accrued construction costs	507,822	–
	33,219,733	9,465,367

The normal trade credit term granted to the Group is 60 days (2021: 60 days).

Included in trade payables of the Group is an amount of RM17,419,072 (2021: RMNil) being accrued land cost for the Taman Residensi Mesra Phase 2 project.

18. OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables	4,105,179	5,037,366	87,816	199,741
Accruals	1,372,763	240,881	55,985	128,000
	5,477,942	5,278,247	143,801	327,741

Included in other payables of the Group is an amount of RM1,420,000 (2021: RM1,420,000) owing to a Director.

19. 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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

20. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company 2022 RM	Company 2021 RM
Unquoted shares, at cost	94,744,805	94,744,805
Advance to a subsidiary company treated as quasi-investment	44,126,249	49,836,101
	138,871,054	144,580,906
Less: Accumulated impairment losses	(81,516,000)	(80,749,841)
	57,355,054	63,831,065

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 2022 RM	Company 2021 RM
At 1 January	80,749,841	41,654,699
Charge during the financial year	766,159	39,095,142
At 31 December	81,516,000	80,749,841

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

Name of companies	Country of incorporation and place of business	Effective ownership and voting interest 2022 %	2021 %	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

20. 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 2022 %	2021 %	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	60	Property development and construction
Cosmo Property Management Sdn. Bhd. ("COSMO")	Malaysia	51	51	Provision of construction works and project management

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

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

20. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Impairment assessment of investment in COSMO

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-year period (2021: three-year period). Cash flows beyond the three-year period (2021: three-year period) is 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:

	2022	2021
Gross profit margin	4.5% - 10.0%	4.5% - 10.0%
Terminal growth rate	0.0%	0.0%
Pre-tax discount rate	11.3%	14.1%

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

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		LFED	
	2022 RM	2021 RM	2022 RM	2021 RM
Current				
Assets	37,802,672	26,731,751	37,593,355	4,315,066
Liabilities	(22,225,954)	(14,218,297)	(37,133,568)	(4,074,101)
Total net current assets	15,576,718	12,513,454	459,787	240,965
Non-current				
Assets	233,011	325,498	103,326	–
Liabilities	(135,774)	(235,462)	(25,770)	–
Total net non-current assets	97,237	90,036	77,556	–
Net assets	15,673,955	12,603,490	537,343	240,965

20. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) 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		LFED	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Revenue	53,883,482	18,585,151	5,391,977	–
Profit/(Loss) before taxation	4,234,563	5,298,480	376,186	(9,035)
Taxation	(1,164,098)	(1,236,294)	(79,808)	–
Profit/(Loss) after taxation	3,070,465	4,062,186	296,378	(9,035)
Other comprehensive income	–	–	–	–
Total comprehensive income/ (loss)	3,070,465	4,062,186	296,378	(9,035)
Total comprehensive income/ (loss) allocated to non-controlling interest	1,504,528	1,990,471	118,551	(3,614)
Percentage hold by non-controlling interest	49%	49%	40%	40%

(iii) Summarised statement of cash flows

	COSMO		LFED	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Net cash generated from/ (used in) operating activities	2,349,450	6,059,089	3,382,935	(244,404)
Net cash used in investing activities	(33,244)	–	(70,765)	–
Net cash (used in)/generated from financing activities	(110,375)	(5,169,186)	(1,020,883)	250,000
Net increase in cash and cash equivalents	2,205,831	889,903	2,291,287	5,596

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

21. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2022 RM	2021 RM
Current asset		
Amount owing by a subsidiary company	2,042,858	2,042,858
Less: Accumulated impairment losses	(2,042,858)	(2,042,858)
	–	–
Current liability		
Amounts owing to subsidiary companies	(150,100)	(150,100)

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

22. REVENUE

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

	Group	
	2022 RM	2021 RM
Major goods and services		
Construction contracts	65,541,488	32,875,097
Property development	7,685,852	–
	73,227,340	32,875,097
Geographical market		
Malaysia	73,227,340	32,875,097
Timing of revenue recognition		
Over time	73,227,340	32,875,097

23. FINANCE COSTS

	Group	
	2022 RM	2021 RM
Interest expense on:		
- Bank overdraft	–	17,899
- Banker's acceptance	–	16,462
- Lease liabilities	15,526	17,593
- Other advances	10,418	80,827
	25,944	132,781

24. PROFIT/(LOSS) BEFORE TAXATION

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration:				
- Statutory	140,000	135,000	42,000	42,000
- Non-statutory	45,000	5,000	45,000	5,000
Amotisation of contract cost assets	84,446	–	–	–
Depreciation of property, plant and equipment	246,974	378,323	–	–
Depreciation of right-of-use assets	22,081	–	–	–
Interest income	(184,397)	(39,544)	(31,904)	–
(Reversal of impairment loss)/Impairment loss on:				
- contract assets	(776,665)	5,225,471	–	–
- trade receivables	297,167	6,849,958	–	–
- other receivables	156,412	555,735	–	(145,000)
- investment in subsidiary companies	–	–	766,159	39,095,142
Realised loss on foreign exchange	–	332,607	–	–
Rental of assets:				
- Short-term leases	–	262,538	–	–

25. TAXATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current taxation:				
- Current year	1,303,783	1,236,838	–	–
- (Over)/Under provision in prior years	(63,459)	40,079	–	–
	1,240,324	1,276,917	–	–
Deferred taxation: (Note 16)				
- Origination and reversal of temporary differences	4,821	(355)	–	–
- Over provision in prior year	(1,239)	(2,091)	–	–
	3,582	(2,446)	–	–
Taxation for the financial year	1,243,906	1,274,471	–	–

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

25. TAXATION (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit/(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	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Profit/(Loss) before taxation	3,174,886	(12,845,630)	(1,198,504)	(39,834,118)
Share of results of joint ventures, net of tax	–	1,770,048	–	–
Profit/(Loss) before taxation and share of results of joint ventures	3,174,886	(11,075,582)	(1,198,504)	(39,834,118)
Taxation at statutory tax rate of 24% (2021: 24%)	761,973	(2,658,140)	(287,641)	(9,560,188)
Expenses not deductible for tax purposes	433,435	337,821	287,641	9,560,188
Deferred tax assets not recognised	113,196	3,556,802	–	–
(Over)/Under provision of current taxation in prior years	(63,459)	40,079	–	–
Over provision of deferred taxation in prior year	(1,239)	(2,091)	–	–
Taxation for financial year	1,243,906	1,274,471	–	–

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

	Group	
	2022 RM	**2021 RM**
Provisions	11,700,042	12,878,917
Property, plant and equipment	13,109	(206,811)
Unutilised tax losses	42,773,694	41,364,157
Unabsorbed capital allowances	56,040	34,972
	54,542,885	54,071,235
Deferred tax assets not recognised at 24% (2021: 24%)	13,090,292	12,977,096

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 is 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.

26. EARNING/(LOSS) PER SHARE

(a) Basic earning/(loss) per share

Basic earning/(loss) per share is calculated by dividing the consolidated profit/(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	
	2022 RM	**2021 RM**
Profit/(Loss) for the financial year attributable to owners of the Company	493,591	(16,106,958)
Weighted average number of ordinary shares in issue	801,351,235	610,537,072
Basic earning/(loss) per share (sen)	0.06	(2.64)

(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.

27. STAFF COSTS

	Group	
	2022 RM	**2021 RM**
Staff costs (excluding Directors)	1,149,385	687,180

Included in the staff costs above are contributions made to Employees Provident Fund under a defined contribution plan for the Group amounting to RM105,929 (2021: RM84,820).

28. 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.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

28. RELATED PARTIES DISCLOSURES (CONT'D)

Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term benefits for:				
Directors				
- Fees	100,000	71,940	100,000	71,940
- Salaries	742,500	588,000	–	–
- EPF	75,540	67,680	–	–
- Others	112,743	121,502	36,500	43,500
	1,030,783	849,122	136,500	115,440

29. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities:

	Lease liabilities RM	Bank borrowings RM	Total RM
At 1 January 2022	338,025	–	338,025
Addition	66,244	–	66,244
Net cash flows in financing activities	(131,258)	–	(131,258)
At 31 December 2022	273,011	–	273,011
At 1 January 2021	–	–	–
Acquisition of a subsidiary company	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

30. 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
Property development	:	Property development
Investment	:	Investment holding
Others	:	Dormant subsidiaries

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.

30. SEGMENT INFORMATION (CONT'D)

(a) Business segment (Cont'd)

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.

	Construction, mechanical and electrical RM	**Property development RM**	**Investment RM**	**Others RM**	**Total RM**
2022					
Revenue:					
Total operating revenue	73,340,140	7,685,852	–	–	81,025,992
Inter segment	(7,798,652)	–	–	–	(7,798,652)
External operating revenue	65,641,488	7,685,852	–	–	73,227,340
Results:					
Adjusted EBITDA*	2,382,476	1,155,265	(464,249)	(26,644)	3,046,848
Amortisation of contract cost assets	–	(84,446)	–	–	(84,446)
Depreciation of property, plant and equipment	(235,372)	(11,602)	–	–	(246,974)
Depreciation of right-of-use assets	–	(22,081)	–	–	(22,081)
Reversal of impairment loss on contract assets	776,665	–	–	–	776,665
Impairment loss on trade receivables	(297,167)	–	–	–	(297,167)
Impairment loss on other receivables	(156,412)	–	–	–	(156,412)
Interest income	147,448	5,045	31,904	–	184,397
Interest expenses	(22,827)	(3,117)	–	–	(25,944)
Profit/(Loss) before taxation	2,594,811	1,039,064	(432,345)	(26,644)	3,174,886
Taxation	(1,164,098)	(79,808)	–	–	(1,243,906)
Profit/(Loss) after taxation	1,430,713	957,088	(432,345)	(26,644)	1,930,980
Assets					
Segment assets	75,455,463	37,828,691	5,164,127	50,101	118,498,382
Include:					
Goodwill on a consolidation	23,183,935	–	–	–	23,183,935
Investment in joint ventures	1,229,959	–	–	–	1,229,959
Liabilities					
Segment liabilities	22,531,741	19,860,686	143,801	18,255	42,554,483

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

30. SEGMENT INFORMATION (CONT'D)

(a) Business segment (Cont'd)

	Construction, mechanical and electrical RM	Investment RM	Others RM	Total RM
2021				
Revenue:				
Total operating revenue	32,875,097	–	–	32,875,097
Inter segment	–	–	–	–
External operating revenue	32,875,097	–	–	32,875,097
Results:				
Adjusted EBITDA*	2,801,416	(738,976)	(35,298)	2,027,142
Depreciation of property, plant and equipment	(378,323)	–	–	(378,323)
Impairment loss on contract assets	(5,225,471)	–	–	(5,225,471)
Impairment loss on trade receivables	(6,849,958)	–	–	(6,849,958)
Impairment loss on other receivables	(555,735)	–	–	(555,735)
Interest income	39,544	–	–	39,544
Interest expenses	(132,781)	–	–	(132,781)
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)
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

* Adjusted earning before interest, taxes, depreciation, and amortisation (excluding other significant non-cash items).

30. SEGMENT INFORMATION (CONT'D)

(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
2022			
Revenue	73,227,340	–	73,227,340
Non-current assets	23,542,954	1,229,959	24,772,913
2021			
Revenue	32,875,097	–	32,875,097
Non-current assets	23,630,847	1,168,503	24,799,350

(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	**2022 RM**	**2021 RM**
Customer A	Construction, mechanical and electrical	13,572,441	18,594,883
Customer B	Construction, mechanical and electrical	19,456,658	14,100,214
Customer C	Construction, mechanical and electrical	17,273,987	–
Customer D	Construction, mechanical and electrical	10,317,779	–

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

31. FINANCIAL INSTRUMENTS

The following table analyses the financial assets and financial liabilities of the Company by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis:

	2022 Financial assets and liabilities at amortised cost RM	2021 Financial assets and liabilities at amortised cost RM
Group		
Financial assets		
Trade receivables	20,868,225	17,586,535
Other receivables	9,354,165	16,064,852
Fixed deposits with licensed banks	12,767,441	9,685,850
Cash and bank balances	12,109,412	22,570,825
	55,099,243	65,908,062
Financial liabilities		
Trade payables	33,219,733	9,465,367
Other payables	5,477,942	5,278,247
Amount owing to a non-controlling interest	1,950,000	2,400,000
Lease liabilities	273,011	338,025
	40,920,686	17,481,639
Company		
Financial assets		
Fixed deposits with licensed banks	1,934,256	–
Cash and bank balances	3,229,871	70,560
	5,164,127	70,560
Financial liabilities		
Other payables	143,801	327,741
Amounts owing to subsidiary companies	150,100	150,100
	293,901	477,841

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.

31. 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	
	2022 **RM**	**2021** **RM**
Neither past due nor individually impaired	14,638,102	10,719,941
Past due but not individually impaired:		
- Between 1 to 180 days	6,048,880	6,397,630
- Between 181 to 365 days	1,174,878	969,916
More than 365 days past due	180,000	–
	7,403,758	7,367,546
Individually impaired	11,721,543	12,873,724
	33,763,403	30,961,211

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 RM7,403,758 (2021: RM7,367,546) 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 RM11,721,543 (2021: RM12,873,724) respectively were individually impaired.

At the reporting date, the Group's concentration of the top 4 (2021: 2) trade customers of the Group represents 83% (2021: 82%) of the total trade receivables and contract assets - accrued billings.

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

31. 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				
2022				
At 1 January	7,993,141	5,381,535	1,033,572	14,408,248
Charge/(Reversal) during the financial year	297,167	(776,665)	156,412	(323,086)
At 31 December	8,290,308	4,604,870	1,189,984	14,085,162
Represented by:				
Individually impaired	7,116,673	4,604,870	1,189,984	12,911,527
Lifetime expected credit loss impairment	1,173,635	–	–	1,173,635
Total	8,290,308	4,604,870	1,189,984	14,085,162
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

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

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 a 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.

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
Group					
2022					
Trade payables	33,219,733	–	33,219,733	33,219,733	–
Other payables	5,477,942	–	5,477,942	5,477,942	–
Amount owing to a non-controlling interest	1,950,000	–	1,950,000	1,950,000	–
Lease liabilities	273,011	3.78 - 5.49	287,445	132,115	155,330
	40,920,686		40,935,120	40,779,790	155,330

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Liquidity risk (Cont'd)

	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

NOTES TO THE FINANCIAL STATEMENTS
(Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Liquidity risk (Cont'd)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM
Company				
2022				
Other payables	143,801	–	143,801	143,801
Amounts due to subsidiary companies	150,100	–	150,100	150,100
	293,901		293,901	293,901
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

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:

	2022 RM	2021 RM
Fixed rate instruments		
Financial assets	12,767,441	9,685,850
Financial liabilities	(227,650)	(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.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

32. 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	
	2022 RM	**2021 RM**
Lease liabilities	227,650	338,025
Less: Fixed deposits with a licensed banks	(12,767,441)	(9,685,850)
Less: Cash and bank balances	(12,109,412)	(22,570,825)
Net liquidity	(24,649,203)	(31,918,650)
Equity attributable to owners of the Company	68,234,414	67,680,203
Gearing ratio	N/A	N/A

33. SUBSEQUENT EVENT

The following 2 proposals have been approved by shareholders via an Extraordinary General Meeting on 26 April 2023:

(a) Private placement

The Company will issue 240,405,370 ordinary shares of the Company at an issue price of RM0.0864 each, representing approximately 30% of the total number of issued shares of the Company to 5 identified investors.

The private placement is expected to be completed by the second quarter of the year 2023.

(b) Acquisition of remaining equity interest of COSMO

The Company will acquire the remaining 49% equity interest in COSMO from Resolute Accomplishment Sdn. Bhd. for the purchase consideration of RM29,400,000 to be satisfied by way of a combination of RM22,900,000 in cash and RM6,500,000 by way of the issuance of 66,872,427 new ordinary shares of the Company at an issue price of RM0.0972 each. Upon completion of the acquisition, COSMO will become a wholly owned subsidiary company of the Company.

The acquisition is expected to be completed by the second quarter of the year 2023 in conjunction with the private placement.

34. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2023.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

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	1.07	437	0.00
100 – 1,000	310	23.68	151,050	0.02
1,001 – 10,000	321	24.52	1,901,900	0.24
10,001 – 100,000	421	32.16	18,134,287	2.26
100,001 to less than 5% of issued share capital	240	18.34	559,395,365	69.81
5% and above of issued share capital	3	0.23	221,768,196	27.67
Total	1,309	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	–	–

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	–	–	–	–

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.	LIEW KIAM WOON	51,564,024	6.43
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TRIUMPHANT VIEW SDN BHD	39,632,150	4.95
5.	GOH POH CHOO	36,710,000	4.58
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHUAH CHONG EWE (SMART)	34,000,000	4.24
7.	LIEW TEOW WOON	33,893,535	4.23
8.	SHAPADU CAPITAL SDN BHD	29,677,250	3.70
9.	NG NGOON WENG	28,053,000	3.50
10.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD UOB KAY HIAN SECURITIES (M) SDN BHD FOR RESOLUTE ACCOMPLISHMENT SDN BHD (LFECORP)	27,200,000	3.39
11.	LIEW CHEE WOON	26,115,201	3.26
12.	LIEW MEOW NYEAN REALTY SDN BERHAD	25,589,874	3.19
13.	EUGENE LEE CHIN JIN	23,983,700	2.99
14.	CHONG FU SEONG	13,500,000	1.68
15.	TNEOH KIAN CHAI	11,942,900	1.49
16.	DAISY BLISS SDN BHD	11,666,667	1.46
17.	QUAH JO WEI	11,133,800	1.39
18.	KHO SIEW BOEY	11,049,700	1.38
19.	TANG BOON HIAP	10,337,800	1.29
20.	TONG HOCK SEN	8,965,600	1.12
21.	LEE BOON KIAN	8,430,000	1.05
22.	KHO SIEW BOEY	8,111,000	1.01
23.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG NGOON WENG (M01)	7,700,000	0.96
24.	LIM TIONG LAY	6,000,000	0.75
25.	TEOH KIAN FUH	5,267,000	0.66
26.	TAN BOON LING	5,266,150	0.66
27.	TYE YONG POU	5,127,600	0.64
28.	RESOLUTE ACCOMPLISHMENT SDN. BHD.	4,300,000	0.54
29.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALAN RAJENDRAM A/L JEYA RAJENDRAM (SS2)	4,000,000	0.50
30.	ON HAI SWEE	3,932,068	0.49
		663,353,191	82.77

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth 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/3A0aKFS provided by Acclime Corporate Services Sdn Bhd on Wednesday, 28 June 2023 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 2022 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 2023 until the next Annual General Meeting of the Company to be held in 2024. **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 Goh Chee Hoe **Ordinary Resolution 2**

   3.2 Ms Tng Ling Ling **Ordinary Resolution 3**

4. To re-appoint Messrs. HLB Ler Lum Chew PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

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

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** **Ordinary Resolution 5**

   "**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.

   AND FURTHER THAT pursuant to Section 85 of the Companies Act, 2016 read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company."

NOTICE OF ANNUAL GENERAL MEETING
(Cont'd)

6. **PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 6**

"**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."

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

"**THAT** 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."

8. 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
28 April 2023

Notes:-

A. Appointment of Proxy

1. A member entitled to participate and vote at the Meeting is entitled to appoint a proxy or proxies to participate 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 5, Tower 8, Avenue 5, Horizon 2, 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 21 June 2023 shall be entitled to attend the Annual General Meeting.

B. Audited Financial Statements for the Financial Year ended 31 December 2022

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 Twentieth Annual General Meeting ("AGM") on the payment of Directors' fees and benefits for the period commencing from 29 June 2023 until the next Annual General Meeting in year 2024.

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 2024.

(b) Ordinary Resolution 5 – 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 5, 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 28 June 2022 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.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

(c) Ordinary Resolutions 6 and 7 – 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 Twentieth AGM to retain them as Independent Directors as their tenure as an Independent Directors has exceeded nine (9) years.

NOTICE OF ANNUAL GENERAL MEETING
(Cont'd)

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Twentieth Annual General Meeting of the Company which will be conducted fully virtual from the Online Meeting Platform at https://bit.ly/3A0aKFS provided by Acclime Corporate Services Sdn Bhd on Wednesday, 28 June 2023 at 10.00 a.m.

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

   (i) Mr Goh Chee Hoe
   (ii) Ms Tng Ling Ling

   The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on pages from 9 to 10 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 2022 are disclosed in the Corporate Governance Overview Statement set out on page 21 of this Annual Report.

4. Details of the general mandate for issue of securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note (b) of the Notice of AGM.

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 TWENTIETH ANNUAL GENERAL MEETING of the Company ("the Meeting") which will be conducted fully virtual from the Online Meeting Platform at https://bit.ly/3A0aKFS provided by Acclime Corporate Services Sdn Bhd on Wednesday, 28 June 2023 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 2023 up to the next Annual General Meeting of the Company to be held in 2024.		
2.	Re-election of Mr Goh Chee Hoe		
3.	Re-election of Ms Tng Ling Ling		
4.	Re-appointment of Auditors		
5.	Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016		
6.	Continuing in Office as Independent Non-Executive Director – Mr Loo Thin Tuck		
7.	Continuing in Office as Independent Non-Executive Director – YM Tunku Azlan Bin Tunku Aziz		

Dated this ……………………… day of ……………………… 2023.

…………………………………………………………
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 5, Tower 8, Avenue 5, Horizon 2, 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 21 June 2023 shall be entitled to attend the Annual General Meeting.*

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Stamp

THE COMPANY SECRETARY
LFE CORPORATION BERHAD
Registration No.: 200201011680 (579343-A)
C/O Acclime Corporate Services Sdn. Bhd.
Level 5, Tower 8, Avenue 5, Horizon 2
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 participate 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 28 April 2023.

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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