

LFE CORPORATION BERHAD
Registration No. 200201011680 (579343-A)
(Incorporated in Malaysia)

**MINUTES OF THE TWENTIETH ANNUAL GENERAL MEETING OF THE
COMPANY CONDUCTED FULLY VIRTUAL VIA AN ONLINE PLATFORM ON
WEDNESDAY, 28 JUNE 2023 AT 10.00 A.M.**

- PRESENT : Directors
Mr. Chuah Chong Ewe
Mr. Liew Kiam Woon
Mr. Goh Chee Hoe
Ms. Tng Ling Ling
Mr. Lim Say Leong
- Shareholders, Proxies and Corporate Representative(s)
As per Attendance List
- IN ATTENDANCE : Ms. Lim Li Heong (Representing the Company Secretary)
- BY INVITATION : As per Attendance List

1. CHAIRMAN

The Chairman, Mr. Chuah Chong Ewe took the Chair and welcomed all present at the Meeting.

2. QUORUM

The requisite quorum being present pursuant to Clause 70 of the Company's Constitution, the Chairman declared the Meeting duly convened.

3. NOTICE OF MEETING

The Chairman addressed the meeting and declared the meeting duly convened as the Notice of the Annual General Meeting ("AGM") dated 28 April 2023 and an addendum to the Notice of AGM has been announced on 1 June 2023 have been circulated to all members of the Company in accordance with the Company's Constitution.

It was unanimously agreed that the notice convening the Meeting having been circularised was taken as read.

4. BRIEFING ON HOUSEKEEPING PROCEDURES – FULLY VIRTUAL AGM

Before proceeding with the Agenda of the AGM, the Company Secretary, was called upon to explain the proceedings of the meeting and voting procedures to the shareholders.

The Company Secretary informed the shareholders that the businesses to be transacted in the AGM involve the moving and passing of six (6) proposed Ordinary Resolutions.

The Company Secretary further said that the Agenda 1 which is to receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' and Auditors' Reports is meant for discussion only and is not a business which requires a resolution to be put to vote by the shareholders.

Each of the six (6) proposed Resolutions would require a Proposer and Secunder before the motions were put to the floor to vote; and any resolution set out in the notice of AGM to be voted by way of poll.

The Company Secretary further informed that with a view to facilitate the flow of the meeting, the proxy holders of the Company, Nur Fazlin Syaira binti Mohd Rosli and Ms. Lai Choy Har have offered themselves to be the Proposer and Secunder for all the motions; and that pursuant to the Paragraph 8.29A of the Main Market Listing Requirements, any resolution set out in the notice of any general meeting or notice of resolution must be voted by way of poll. The Company Secretary informed the shareholders that Acclime Corporate Services Sdn Bhd has been appointed as the Poll Administrator to conduct the poll by way of online voting and USearch Management Services was appointed as Scrutineer to supervise polling process and verify the poll results.

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORTS THEREON

The Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon as attached in the 2022 Annual Report which had been previously circulated, were tabled for discussion.

6. ORDINARY RESOLUTION NO. 1

- **PAYMENT OF DIRECTORS' FEES AND BENEFITS FROM 29 JUNE 2023 UNTIL THE NEXT AGM OF THE COMPANY**

Ordinary Resolution 1 of the Agenda was to approve the payment of Directors' fees and benefits payable up to an amount of RM150,000.00 from 29 June 2023 until the next AGM of the Company to be held in 2024.

7. ORDINARY RESOLUTION NO. 2

- **RE-ELECTION OF DIRECTOR, MR. GOH CHEE HOE PURSUANT TO CLAUSE 97.1 OF THE COMPANY'S CONSTITUTION**

Ordinary Resolution 2 of the Agenda was to re-elect Mr. Goh Chee Hoe, an Executive Director of the Company who was retiring in accordance with Clause 97.1 of the Company's Constitution.

8. ORDINARY RESOLUTION NO. 3

- **RE-ELECTION OF DIRECTOR, MS. TNG LING LING PURSUANT TO CLAUSE 97.1 OF THE COMPANY'S CONSTITUTION**

Ordinary Resolution 3 of the Agenda was to re-elect Ms. Tng Ling Ling, an Independent Non-Executive Director of the Company who was retiring in accordance with Clause 97.1 of the Company's Constitution.

9. ORDINARY RESOLUTION NO. 4

- **APPOINTMENT OF AUDITORS**

Ordinary Resolution 4 of the Agenda was to re-appoint Messrs. HLB Ler Lum Chew PLT as Auditors of the Company and to authorise the Directors to fix their remuneration was tabled before the meeting.

10. ORDINARY RESOLUTION NO. 5

- **AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES IN THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

Ordinary Resolution 5 of the Agenda was to obtain the shareholders' approval on the authority for Directors' to issue and allot shares of not more than ten percent (10%) of the total number of issued shares of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.

This is the renewal of the mandate obtained from the Company's shareholders at the last AGM held on 28 June 2022.

11. ORDINARY RESOLUTIONS NO. 6 AND 7

- **PROPOSED RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR - MR. LOO THIN TUCK**

The Chairman informed the shareholders that Mr. Loo Thin Tuck and Tunku Azlan Bin Tunku Aziz have resigned from the Board on 30 May 2023. Therefore, the Resolutions 6 and 7 were withdrawn.

12. ORDINARY RESOLUTION NO. 8

- **RE-ELECTION OF DIRECTOR, MR. CHUAH CHONG EWE PURSUANT TO CLAUSE 104 OF THE COMPANY'S CONSTITUTION**

Ordinary Resolution 8 of the Agenda was to re-elect Mr. Chuah Chong Ewe, an Executive Chairman of the Company who was retiring in accordance with Clause 104 of the Company's Constitution.

As the Ordinary Resolution 8 involved the interest of the Chairman himself, the

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Independent Non-Executive Director, Mr. Lim Say Leong was invited to take over the Chair to proceed with the motion.

The resolution to re-elect Mr. Chuah Chong Ewe was tabled to the shareholders for consideration.

Mr. Lim Say Leong then handed the Chair back to the Chairman.

13. ANY OTHER BUSINESS

The Company Secretary confirmed that the Company had not received any notice to transact any other business at the Meeting.

14. BRIEFING BY COMPANY SECRETARY ON POLLING

The Company Secretary was called upon to brief on the polling procedures to the shareholders.

15. ADJOURNED OF MEETING FOR POLL VOTING

The meeting was adjourned at 10.10 a.m. for the poll voting to commence immediately.

16. RE-CONVENING OF MEETING AND ANNOUNCEMENT OF RESULTS

The meeting re-convened at 10.28 a.m. for the announcement of the results of the poll voting by the Chairman as follows:-

Agenda	For		Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 1 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.	752,101,263	100%	200	0.0000%	Carried
Ordinary Resolution 2 To re-elect Mr. Goh Chee Hoe who is retiring as a Director of the Company in accordance with Clause 97.1 of the Company's Constitution.	752,101,363	100%	100	0.0000%	Carried

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Agenda	For		Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 3 To re-elect Ms. Tng Ling Ling who is retiring as a Director of the Company in accordance with Clause 97.1 of the Company's Constitution.	752,101,363	100%	100	0.0000%	Carried
Ordinary Resolution 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.	752,101,363	100%	100	0.0000%	Carried
Ordinary Resolution 5 Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	752,100,963	99.9999%	500	0.0001%	Carried
Ordinary Resolution 6 Proposed Retention of Mr. Loo Thin Tuck as Independent Non-Executive Director.	-WITHDRAWN-				
Ordinary Resolution 7 Proposed Retention of YM Tunku Azlan Bin Tunku Aziz as Independent Non-Executive Director.	-WITHDRAWN-				
Ordinary Resolution 8 To re-elect Mr. Chuah Chong Ewe who is retiring as a Director of the Company pursuant to Clause 104 of the Company's Constitution.	752,101,363	100%	100	0.0000%	Carried

ORDINARY RESOLUTION 1**PAYMENT OF DIRECTORS' FEES AND BENEFITS FROM 29 JUNE 2023 UNTIL THE NEXT AGM OF THE COMPANY TO BE HELD IN 2024**

RESOLVED THAT 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 be and is hereby approved.

ORDINARY RESOLUTION 2

RE-ELECTION OF DIRECTOR, MR. GOH CHEE HOE PURSUANT TO CLAUSE 97.1 OF THE COMPANY'S CONSTITUTION

RESOLVED THAT Mr. Goh Chee Hoe who is retiring as a Director of the Company in accordance with Clause 97.1 of the Company's Constitution be and is hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 3

RE-ELECTION OF DIRECTOR, MS. TNG LING LING PURSUANT TO CLAUSE 97.1 OF THE COMPANY'S CONSTITUTION

RESOLVED THAT Ms. Tng Ling Ling who is retiring as a Director of the Company in accordance with Clause 97.1 of the Company's Constitution be and is hereby re-elected as Director of the Company.

ORDINARY RESOLUTION 4

RE-APPOINTMENT OF AUDITORS

RESOLVED THAT Messrs. HLB Ler Lum Chew PLT, the retiring Auditors having given their consent for re-appointment, be and were hereby re-appointed as Auditors of the Company at a fee to be agreed upon by the Directors.

ORDINARY RESOLUTION 5

AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

RESOLVED 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.

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ORDINARY RESOLUTION 8

**RE-ELECTION OF DIRECTOR, MR. CHUAH CHONG EWE PURSUANT TO
CLAUSE 104 OF THE COMPANY'S CONSTITUTION**

RESOLVED THAT Mr. Chuah Chong Ewe who is retiring as a Director of the Company in accordance with Clause 104 of the Company's Constitution be and is hereby re-elected as Director of the Company.

The Chairman declared that all the six (6) Ordinary Resolutions as set out in the Notice were duly carried.

17. TERMINATION OF MEETING

There being no other business, the meeting ended at 10.30 a.m. with a vote of thanks to the chair.

CONFIRMED AS THE CORRECT RECORD
OF THE PROCEEDINGS THEREAT,

.....
CHAIRMAN

Kuala Lumpur

Date: 28 June 2023

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**REPLY TO MINORITY SHAREHOLDERS WATCH GROUP ENFORCEMENT
QUERIES VIA THE LETTER DATED 19 JUNE 2023 FOR THE
TWENTIETH (20TH) ANNUAL GENERAL MEETING**

Operational & Financial Matters

1. In FY2022, the Group achieved gross profit (GP) margin of 10%, a decrease from the previous year's GP margin of 20%, mainly due to Cosmo Property Management Sdn Bhd's (CPMSB) new 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.

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 (page 4 of Annual Report (AR) 2022).

- (a) Given the challenges faced by the construction industry and stiff competition on new projects and continuous pressure on contract values, how will management ensure that contracts won provide sufficient profit margin that lead to value creation for shareholders?

Answer

We shall be prudent in terms of pricing in tendering job as well as working closely with our subcontractor and supplier on pricing during the tender and execution of the job. Additionally, as we have initiated development projects within our group, we intend to allocate construction projects to our in-house team while ensuring we maintain a favourable margin for our construction business.

- (b) Please elaborate how management is going to better manage its costs by leveraging technology.

Answer

The management team is actively exploring potential technologies that can bring benefits to our construction projects. Currently, we are reviewing and evaluating system formwork and software solutions to enhance overall efficiency. Additionally, we are also exploring other technologies such as Internet of Things (IoT) applications to monitor and track work progress more effectively on-site. By leveraging these technological advancements, we aim to improve productivity and streamline operations within our projects.

- (c) What is the targeted profit margin for the construction, M&E segment for FY2023?

Answer

Forecasting the project margin for FY 2023 is particularly challenging due to various factors that influence project costs, including material costs, worker wages, and other unforeseen circumstances. Based on internal management forecasts, the targeted profit margin for the construction and M&E segments is estimated to be within the range of 10% to 15%. It is important to note that these projections are subject to change based on market conditions and unforeseen circumstances.

2. The Gurun East Project is selling well, and the response from buyers has been very positive. The project is progressing well with the construction, and the Company anticipates the project will be delivered on time (page 2 of AR 2022).

- (a) What is the take-up rate for the project?

Answer

The take up rate of Phase 2a, which is launched last year, is about 75%.

- (b) Considering the inflationary pressures experienced in the past 2 years, is the project progressing on budget? What measures are being taken to manage costs and ensure that the project remains on budget?

Answer

Management recognizes the inflationary pressure impacting project costs, particularly with regards to material and wages expenses. However, on a positive note, the Group has an internal construction and M&E arm that provides support, resulting in reduced project costs and maintaining higher margins within the group. By leveraging our in-house capabilities, we aim to mitigate the impact of rising costs and uphold profitability.

- (c) What are the expected revenue and profit contributions to the Group in FY2023?

Answer

The Project is anticipated to contribute approximately RM20-25 million to the Group's revenue and RM3.5-4.5 million to the Group's gross profit. It's important to note that these figures are contingent upon factors such as site progress and external influences, which may impact the outcome.

3. The acquisition of Cosmo Property Management Sdn Bhd (CPMSB) in 2021 came with profit guarantee provided by the vendor to LFE for a period of 2 financial years up to the financial year ended 31 December 2022, of which the profit attributable to LFE is RM6.12 million, being 51% equity interest in CPMSB held by LFE.

- (a) Has the newly acquired subsidiary been fully integrated into the Group?

Answer

Indeed, the subsidiary has been fully integrated into the Group. As of June 2023, CPMSB has become a wholly-owned subsidiary of the Group, signifying the completion of the integration process.

- (b) What is the progress made by the Group during the year to leverage on the network and capability of CPMSB?

Answer

As mentioned earlier, the Group has diversified into a project development venture in Gurun, Kedah. Leveraging the network and capabilities of CPMSB, which has accumulated significant expertise in the construction industry, the Group aims to reduce construction costs and strengthen its construction and M&E segment in the residential property sector. By capitalizing on CPMSB's experience, we seek to optimize our operations and enhance the overall competitiveness of our property projects.

- (c) RM6.12 million translates into a yearly profit guarantee of RM3.06 million for FY2021 and FY2022. Did CPMSB achieve profit after tax of not less than RM6.12 million for FY2021 and FY2022?

Answer

Yes, CPMSB has successfully achieved the total profit guarantee of RM 6.12 million during two consecutive financial years. This accomplishment demonstrates the subsidiary's strong financial performance and ability to meet the agreed-upon targets.

Corporate Governance ("CG") Matters

4. To encourage board renewal and strengthen board independence, Bursa Malaysia (via its letter dated 19 January 2022 to the Company Secretary of Main Market Listed Issuers) had amended the Listing Requirements to limit the tenure of an independent non-executive director (INED) to not more than a cumulative tenure of 12 years in the listed issuer and its group of companies.

Currently, two INEDs of the Company namely, Mr Loo Thin Tuck and YM Tunku Azlan Bin Tunku Aziz who were first appointed on 18 May 2009 and 5 October 2009 respectively and have served on the Board for 13 years to 14 years. Collectively, the two long tenured INEDs have served for approximately 27 years. Two INEDs are seeking proposed retention to continue to act as independent non-executive directors of the Company until the conclusion of the next AGM (Resolutions 6 and 7).

- (a) Will the continued retention of the long-tenured independent directors impede/delay the progressive renewal of the Board? Are there any challenges faced by the Board in identifying and onboarding new board members?

Answer

We have made addendum to the Notice of AGM on 1 June 2023 in respect of the withdrawal of Resolutions 6 and 7 due to the resignation of Mr. Loo Thin Tuck and YM Tunku Azlan Bin Tunku Aziz from the Board on 30 May 2023.

- (b) How does the Company plan to ensure a smooth transition to comply with this ruling (which was effective from 1 June 2023) so as not to disrupt the Board's function when half of the INEDs resign from office or are redesignated as non-independent directors?

Answer

The current composition of the Board consists of one (1) Executive Chairman, one (1) Managing Director, one (1) Executive Director and two (2) Independent Non-Executive Directors, whereby the Company fulfilled the Paragraph 3.04 (1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements to have at least 2 directors or 1/3 of the Board of Directors of the Company whichever is the higher, are independent directors.

However, the Management is in the midst of looking for suitable candidates to fill in the vacancy to the Audit Committee and Nomination Committee.

5. The Company has departed from Practice 5.9 as the Board does not comprise at least 30% women directors. Currently, the Board has one female director. The Board will endeavour to achieve 30% women representation on the Board in the next few years (page 29 of CG report 2022).

Please provide a specific time frame for its application of Practice 5.9, for example, within 1 year or 2 years?

Answer

The selection of a candidate to be appointed to the board will depend on various factors, including capacity, background, and contribution to the Group. Therefore, the Company is unable to provide a specific timeframe for identifying the right female candidate to fill the board position. It is crucial to ensure a thorough evaluation and consideration process to find a suitable candidate who can effectively contribute to the board's objectives.