

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

**MINUTES OF THE TWENTY FIRST ANNUAL GENERAL MEETING OF THE
COMPANY CONDUCTED FULLY VIRTUAL VIA AN ONLINE PLATFORM ON
WEDNESDAY, 26 JUNE 2024 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
Mr. Ahmad Zakie Bin Hj Ahmad Shariff
- Shareholders, Proxies and Corporate Representative(s)
As per Attendance List
- IN ATTENDANCE : Ms. Lim Li Heong (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 Twenty-First Annual General Meeting (“AGM”) of the Company which was held via an online platform. This AGM was conducted in a fully virtual environment in accordance with the Guidance issued by the Securities Commission Malaysia.

2. QUORUM

The Chairman, having confirmed with the Company Secretary that the requisite quorum is present, called the Meeting to order at 10.00 a.m.

He then introduced the members of the Board, the Company Secretary and the External Auditors to the shareholders.

3. NOTICE OF MEETING

The Chairman informed the Shareholders that the notice of the AGM have been circulated to all shareholders of the Company on 29 April 2024 in accordance with the Company’s Constitution.

He then informed the shareholders that pursuant to the Company’s Constitution, all resolutions tabled in this AGM shall be voted by poll and the polling process will be conducted after the deliberation of all items on the Agenda.

The Notice, having been circulated earlier, 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 seven (7) proposed Ordinary Resolutions which requires all resolutions set out in the Notice would 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 Seconder for all the motions.

The Company Secretary also 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 Niche & Milestones International Sdn Bhd was appointed as Scrutineer to supervise polling process and verify the poll results.

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORTS THEREON

The Chairman informed that the Agenda 1 which is to receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors' and Auditors' Reports are meant for discussion only and is not a business which requires a resolution to be put to vote by the shareholders.

This Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon as attached in the 2023 Annual Report which had been previously circulated, were tabled for discussion.

6. ORDINARY RESOLUTION NO. 1

- **PAYMENT OF DIRECTORS' FEES AND BENEFITS FROM 27 JUNE 2024 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 27 June 2024 until the next AGM of the Company to be held in 2025.

7. ORDINARY RESOLUTION NO. 2

- **RE-ELECTION OF DIRECTOR, MR. LIM SAY LEONG PURSUANT TO CLAUSE 97.1 OF THE COMPANY'S CONSTITUTION**

Ordinary Resolution 2 of the Agenda was to re-elect Mr. Lim Say Leong, an Independent Non-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, MR. CHUAH CHONG EWE PURSUANT TO CLAUSE 104 OF THE COMPANY'S CONSTITUTION**

Ordinary Resolution 3 of the Agenda was to re-elect Mr. Chuah Chong Ewe, the Executive Chairman of the Company who was retiring in accordance with Clause 104 of the Company's Constitution.

As the Ordinary Resolution 3 involved the interest of the Chairman himself, the Managing Director, Mr. Liew Kiam Woon was invited to take over the Chair to proceed with this motion.

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

Mr. Liew Kiam Woon then handed the Chair back to the Chairman.

9. ORDINARY RESOLUTION NO. 4

- **RE-ELECTION OF DIRECTOR, MR. AHMAD ZAKIE BIN HJ AHMAD SHARIFF PURSUANT TO CLAUSE 104 OF THE COMPANY'S CONSTITUTION**

Ordinary Resolution 4 of the Agenda was to re-elect Mr. Ahmad Zakie Bin Hj Ahmad Shariff, the Independent Non-Executive Director of the Company who was retiring in accordance with Clause 104 of the Company's Constitution.

The resolution to re-elect Mr. Ahmad Zakie Bin Hj Ahmad Shariff was tabled to the shareholders for consideration.

10. ORDINARY RESOLUTION NO. 5

- **RE-APPOINTMENT OF AUDITORS**

Ordinary Resolution 5 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.

11. ORDINARY RESOLUTION NO. 6

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

Ordinary Resolution 6 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 2023.

12. ORDINARY RESOLUTION NO. 7

- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE FOR RRPT")**

Ordinary Resolution 7 of the Agenda was to obtain the shareholders' approval on the renewal of mandate for recurrent related party transactions of a revenue or trading nature.

As the Ordinary Resolution 7 involved the interest of the Chairman himself, the Managing Director, Mr. Liew Kiam Woon was invited to take over the Chair to proceed with this motion.

This is the renewal of the mandate obtained from the Company's shareholders at the last Extraordinary General Meeting held on 28 June 2023.

Mr. Liew Kiam Woon 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 Chairman then proceeded to conduct the poll. Upon the request of the Chairman, the Company Secretary briefed the shareholders on the polling procedures.

The Company Secretary then invited all the members present to cast their votes.

The Chairman declared the closure of the polling session at 10.30 a.m.

15. PRESENTATION ON ISSUES RAISED FROM MINORITY SHAREHOLDERS WATCH GROUP

Before proceeding to answer the questions posed by the shareholders and proxy holders, Mr. Goh Chee Hoe, the Executive Director of the Company presented to the shareholders the questions raised by the Minority Shareholders Watch Group (MSWG) via its letter dated 20 June 2024, and the answers provided by the Company as annexed herewith and marked "Appendix A."

16. QUESTIONS AND ANSWERS SESSION

The Chairman proceeded to the Questions and Answers session.

The Chairman informed that there were questions received from the shareholders during the live-streamed Meeting and the answers were provided in response to those questions by the Management of the Company. The questions and answers are as follows:-

- 1) **What is the order book for FY2024? In this capacity, how many book orders can LFE Corporation Berhad handle in a year? Could you share the number of projects or the value of the order book in the bidding pipeline? In addition, please provide the total number of employees in LFE Corporation Berhad.**

Mr. Ivan responded that he has addressed these questions in his presentation concerning the issues raised by the Minority Shareholders Watch Group.

- 2) **Please clarify the Construction, Mechanical and Electrical ('M&E') segments of LFE. Is it a consultancy firm? Does it mean all the construction projects of LFE are handled by the Company's own consultants?**

The construction and M&E segments of LFE focus on the construction, supply and installation of M&E instruments. LFE does not provide consulting services for these segments. Therefore, consultancy for construction projects under LFE is handled by external third-party companies.

The Meeting was adjourned at 10.40 a.m. for the counting of votes.

17. RE-CONVENING OF MEETING AND ANNOUNCEMENT OF RESULTS

The meeting re-convened at 10.45 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 27 June 2024 until the next Annual General Meeting of the Company to be held in 2025.	820,970,561	100%	100	0.0000%	Carried
Ordinary Resolution 2 To re-elect Mr. Lim Say Leong who is retiring as a Director of the Company in accordance with Clause 97.1 of the Company's Constitution.	820,970,661	100%	0	0.0000%	Carried
Ordinary Resolution 3 To re-elect Mr. Chuah Chong Ewe who is retiring as a Director of the Company in accordance with Clause 104 of the Company's Constitution.	777,527,761	100%	0	0.0000%	Carried

LFE CORPORATION BERHAD

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Minutes of the Twenty-First Annual General Meeting held on 26 June 2024 (Cont'd)

Agenda	For		Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 4 To re-elect Mr. Ahmad Zakie Bin Hj Ahmad Shariff who is retiring as a Director of the Company in accordance with Clause 104 of the Company's Constitution.	820,970,561	100%	100	0.0000%	Carried
Ordinary Resolution 5 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.	820,970,661	100%	0	0.0000%	Carried
Ordinary Resolution 6 Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	820,970,561	100%	100	0.0000%	Carried
Ordinary Resolution 7 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue of Trading Nature	777,527,661	100%	100	0.0000%	Carried

ORDINARY RESOLUTION 1**PAYMENT OF DIRECTORS' FEES AND BENEFITS FROM 27 JUNE 2024 UNTIL THE NEXT AGM OF THE COMPANY TO BE HELD IN 2025**

RESOLVED THAT the Directors' fees and benefits payable up to an amount of RM150,000 for the period from 27 June 2024 until the next Annual General Meeting of the Company to be held in 2025 be and is hereby approved.

ORDINARY RESOLUTION 2**RE-ELECTION OF DIRECTOR, MR. LIM SAY LEONG PURSUANT TO CLAUSE 97.1 OF THE COMPANY'S CONSTITUTION**

RESOLVED THAT Mr. Lim Say Leong 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, 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.

ORDINARY RESOLUTION 4

**RE-ELECTION OF DIRECTOR, MR. AHMAD ZAKIE BIN HJ AHMAD SHARIFF
PURSUANT TO CLAUSE 104 OF THE COMPANY'S CONSTITUTION**

RESOLVED THAT Mr. Ahmad Zakie Bin Hj Ahmad Shariff 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.

ORDINARY RESOLUTION 5

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 6

**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.

ORDINARY RESOLUTION 7

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

RESOLVED THAT approval be and is hereby given to the Company and its subsidiary(ies) ("**Group**") to enter into the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 30 April 2024, provided that:

- (a) such arrangements and/or transactions are necessary for the Group's day to-day operations;

- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM"), unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever is the earlier.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

The Chairman declared that all the seven (7) Ordinary Resolutions as set out in the Notice were duly carried.

17. TERMINATION OF MEETING

There being no other business, the meeting ended at 10.49 a.m. with a vote of thanks to the chair.

CONFIRMED AS THE CORRECT RECORD
OF THE PROCEEDINGS THEREAT,

.....
CHAIRMAN
Kuala Lumpur
Date: 26 June 2024

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

**REPLY TO MINORITY SHAREHOLDERS WATCH GROUP ENFORCEMENT
 QUERIES VIA THE LETTER DATED 20 JUNE 2024 FOR THE
 TWENTY-FIRST (21ST) ANNUAL GENERAL MEETING**

Operational & Financial Matters

1. In pursuit of its strategic goals for expansion, LFE has significantly strengthened its land portfolio to support future property development initiatives. Apart from the ongoing Gurun East Project – Phase 2, it has acquired multiple parcels of land contiguous to the project, totalling over 90 acres, earmarked for forthcoming development phases. Additionally, it has forged a joint venture partnership with landowners to develop another phase of the Gurun East Project, encompassing approximately 175 acres adjacent to its existing project (page 2 of Annual Report (AR) 2023).
- (a) What is the gross development value (GDV) of the ongoing Gurun East Project – Phase 2? What is the take-up rate, and when is the development expected to be completed? What is the total number of unsold units and their value?

Answer

Phase 2 is separated into three sub-phases based on the launch date. The GDV, take up rate, expected completion date and unsold units of the three sub-spaces as at 31 March 2024 is as following:-

Phase	GDV (RM'000)	Take Up Rate	Expected Completion Date	Unsold Units
Phase 2a	67,859	100%	Q3 2024	-
Phase 2b	29,061	66%	Q2 2026	51
Phase 2c	21,469	69%	Q2 2026	24

- (b) When will LFE expect to develop the multiple parcels of land totalling over 90 acres? What will be the estimated GDV?

Answer

Currently, the development project is in the process of obtaining building plan and related approvals. The estimated Gross Development Value (GDV) is approximately RM140 million. The development will be executed in phases, with details of each phase to be determined at a later stage.

- (c) When will the JV partnership develop the 175 acres of land? What will be the estimated GDV?

Answer

Currently, the development project is still in the planning stage. As a result, the specifics regarding the product types and the number of units have not yet been finalised. Therefore, we are unable to provide an estimated GDV now.

2. The Group will continue to pursue organic growth opportunities by expanding its land bank and exploring new development projects that align with market demand and trends (page 3 of AR2023).

- (a) What is the Group's existing size of landbank?

Answer

Taking into consideration all Sales and Purchase Agreements (SPAs) and Joint Ventures (JVs) signed by the Group, the outstanding underdeveloped land currently totals approximately 400 acres.

- (b) Is it the Group's business model to actively replenish its landbank for property development or to enter into a JV with landowners to develop their lands?

Answer

Entering joint ventures (JVs) with landowners is one of the strategies employed by the Group. This approach allows us to participate in property development with minimal cash flow impact and reduced risk, as it requires less upfront payment for land costs and minimizes the funding for land acquisition.

3. Construction and mechanical & electrical (M&E) segments

- (a) What is the total outstanding orderbook of the construction and mechanical & electrical (M&E) segment? What is the total amount of unbilled revenue?

Answer

As at 31 March 2024, the total outstanding order book, which has not yet been recognised as revenue, amounts to RM166 million. This figure excludes intersegment sales.

- (b) What is the total value of tenders submitted to date? What is the probable success rate?

Answer

The total value of tenders submitted to date is approximately RM130 million and some tenders are in the pre-bid stage. The success rate is highly dependent on many factors and varies on a case-by-case basis. Therefore, management is unable to

provide an overall success rate.

4. While LFE did not acquire any new subsidiaries this year, it has consolidated its ownership in Cosmo Property Management Sdn Bhd (“CPMSB”) and LFE Development Sdn Bhd (“LDSB”). The Group acquired the remaining 49% equity stake of CPMSB and 40% equity stake of LDSB to become fully owned subsidiaries of LFE (page 3 of AR2023).

How have CPMSB and LDSB contributed to the profitability of the Group? What is the FY2024 outlook for these two companies?

Answer

LDSB remains the sole contributor to the Group’s property development segment’s revenue and profit. CPMSB primarily undertakes in-house construction projects awarded by the property development division, contributing approximately 50% of the construction segment’s revenue and 40% of the segment’s profit before tax. For FY2024, we expect both CPMSB and LDSB to continue their positive contributions, driven by ongoing and upcoming projects in their respective areas.

5. The gross profit (GP) margins of the property development and construction segments stood at 20% and 23%, respectively. While the GP margin of the property development segment remained relatively stable compared to the previous year, the construction segment experienced an increase in GP margin. This uptick can be attributed primarily to the higher profit margin derived from a new specialist M&E project in the factory sector, which boasted better margins compared to general construction projects. (page 5 of AR 2023)
- (a) Going forward, what is the likelihood that the favourable GP margins can be sustained or even better?

Answer

Management foresees that profit margins may fluctuate within a certain range as they are influenced by several factors, including the type and duration of project. However, the Management is committed to maintaining good profit margins when tendering for projects and will strive to achieve stable or improved margins where possible.

- (b) Considering that specialist M&E projects in the factory sector can boast better margins, is LFE targeting more of such jobs? Currently, what percentage of the construction segment’s orderbook is from the factory sector?

Answer

LFE will actively participate in tenders for suitable projects in the factory sector. Currently, approximately 20% of our order book consists of projects from the factory sector.

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6. Under the Main Market Listing Requirements (MMLR), Part A, Appendix 9, Paragraph 7, stipulates that the contents of an annual report must include a statement containing the management discussion and analysis (MD&A) of the group's business, operations and performance (including financial performance) during the financial year which includes, among others, the following information:
- (a) discussion and analysis of the financial results and financial condition, including:-
 - (i) commentary on financial and non-financial indicators to measure the group's performance; and
 - (ii) known trends and events that are reasonably likely to have a material effect on the group's operations, performance, financial condition, and liquidity, together with the underlying reasons or implications; and
 - (iii) any identified anticipated or known risks that the group is exposed to which may have a material effect on the group's operations, performance, financial condition, and liquidity together with a discussion of the plans or strategies to mitigate such risks.
 - (b) forward-looking statement providing commentary on the:-
 - (i) group's possible trend, outlook and sustainability of each of its principal business segments; and
 - (ii) prospects of new businesses or investments.

However, we note that LFE's MD&A (pages 4 – 6 of AR2023) is relatively brief and either does not disclose the above information or is inadequate. Examples include details on property launches, GDV, size of landbank, unbilled sales, M&E segments orderbook, and various types of risks and opportunities. Please explain.

Answer

The Management provides additional detailed financial and non-financial data in various sections of the annual report besides the MD&A. Some of the information mentioned is available in other parts of the annual report and therefore may not be repeated in the MD&A section. However, we acknowledge that there is room for improvement in our reporting practices, including enhancing the depth of analysis and disclosure in the MD&A. The Management is committed to addressing these areas for improvement in the upcoming years' reports.

7. Under the MMLR, Part A, Appendix 9C, Paragraph 4A stipulates that the contents of an annual report must include particulars of the key senior management. "Key senior management" refers to a person who, in the opinion of the listed issuer, is the key senior management of the group and must include a person who is primarily responsible for the business operations of the listed issuer's core business and principal subsidiaries.

We note that the Company's Annual Report 2023 does not disclose such information. Please explain.

Answer

The Company considers its key management personnel same as the Board of Directors. As such, there is no separate section specifically dedicated to key management profiles.

8. As at end of FY2023, there was outstanding trade receivables amounting to RM26.8 million and retention sum receivables of RM10.9 million. Accumulated impairment losses amounted to RM8.6 million. Included in trade receivables of the Group is an amount owing to related parties in which a Director of the Company has interest amounting to RM13.3 million (2022: RM Nil) (page 86 of AR2023).

- (a) What is the probability of fully recovering the accumulated impairment losses?

Answer

Management is actively pursuing necessary actions to recover impaired balances, including legal actions against the parties involved. These efforts aim to improve the likelihood of recovering the accumulated impairment losses.

- (b) Please explain how the amount owing to related parties in which a Director of the Company has interest arose and the current status.

Answer

The trade receivable from related parties arose from sales transactions, as disclosed in Note 30 of the financial statements (Page 101 of AR 2023). The balance is within ordinary credit terms and currently shows no impairment indicators. The Director's interest in this amount is disclosed in accordance with regulatory requirements.

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

	Group	
	2023 RM	2022 RM
Neither past due nor individually impaired	31,855,473	14,638,102
Past due but not individually impaired	12,724,300	7,403,758
Individually impaired	11,721,543	11,721,543
	56,301,316	33,763,403

At the reporting date, the Group's concentration of the top 2 (2022: 4) trade customers represent 50% (2022: 83%) of the total trade receivables and contract assets—accrued billings (page 108 of AR2023).

- (a) What is the probability of fully recovering the impaired amount of RM11.72 million?

Answer

Management is actively pursuing necessary actions to recover impaired balances, which may include legal actions against the parties involved. These efforts aim to maximise the recovery of the impaired amount.

- (b) There is a concentration of credit risk in the top 2 trade customers as they collectively form 50% of the total trade receivables and contract assets. What measures has LFE taken to mitigate such risk? What are the challenges faced?

Answer

The Group mitigates this risk through due diligence and internal assessments of its customers prior to tendering for projects. The Group believes its customers have strong financial positions and reputations. Additionally, the Group aims to diversify its customer base by securing projects from multiple customers throughout the year, thus reducing dependence on any few large customers.

Corporate Governance Matters

10. Mr. Chuah Chong Ewe was appointed as the Executive Chairman of the Company on 30 May 2023. Mr. Chuah is the substantial shareholder of the Company. He is currently the Managing Director for both Luster Industries Berhad and Aimflex Berhad (page 10 of AR 2023).

A director is expected to have a time commitment to carry out his fiduciary duties effectively. As Executive Chairman of LFE and Managing Director of Luster and Aimflex, Mr. Chuah is assuming full-time positions in all three publicly listed companies. Under such circumstances, would he be able to commit the time necessary to effectively carry out his fiduciary duties as a director?

Answer

The Group evaluates the performance of each director based on their overall contribution, output of work, and resources brought to the Group, besides the time consideration. Based on current evaluations, the Group acknowledges Mr. Chuah's significant contribution and affirms that he has effectively carried out his duties as a director.

11. Practice 1.3 of Malaysian Code on Corporate Governance 2021 (MCCG) states that the positions of Chairman and CEO are held by different individuals. LFE's response: Applied. (page 6 of CGR 2023) The Chairman leads the Board and is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and to ensure that Board proceedings are in compliance with good conduct and best practices. The Managing Director is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board for its consideration and approval, where required (page 6 of CGR 2023).

MSWG comment: Is there a compelling need to have an Executive Chairman as the above functions spelt out for the Chairman can be carried out by a nonexecutive Chairman? Furthermore, the current Chairman also assumes the fulltime position of MD in two other public listed companies.

Answer

The Company finds that the current Executive Chairman has significantly contributed to the Group's operations and business expansion, as evidenced by the substantial improvements in revenue and profit. The Executive Chairman's role is essential for effectively managing the daily operations and driving the business's growth. His executive capacity enables him to make strategic decisions and implement them swiftly, which has been crucial for the Group's recent successes.

12. Practice 4.4 of MCCG states that performance evaluations of the board and senior management include a review of their performance in addressing the company's material sustainability risks and opportunities. LFE's response: Applied. (page 17 of CGR 2023)

MSWG comment: The response given by LFE on page 17 does not state whether the performance evaluations include addressing the company's material sustainability risks and opportunities. What are the KPIs and targets used, and what is the weightage of these KPIs versus financial KPIs?

Answer

LFE acknowledges that management primarily focuses on financial KPIs related to economic sustainability, such as the order book, profit margin, and cost control. The Group has historically placed less emphasis on aspects like climate challenges and environmental sustainability compared to economic sustainability, particularly considering recent business challenges and the recovery from a downturn. The emphasis on financial KPIs reflects the Group's current strategic priorities and operational focus.

13. Practice 5.9 of MCCG states that the board comprises at least 30% women directors. LFE's response: Departure. As at the date of this Report, the Board comprised six (6) Directors, of whom one (1) is female, providing a representation rate of 17% which complies with the requirement of MMLR to have at least one (1) woman Director on the Board. The Board will endeavour to achieve 30% women representation on the Board in the next few years. (page 30 of CGR 2023).

MSWG comment: The matter was raised by MSWG at the Company's 20th AGM. Please provide a specific time frame for its application of Practice 5.9, for example, within 1 year or 2 years. What are the challenges faced by the Company in sourcing for women directors and setting a specific timeline?

Answer

The selection of a candidate for appointment is a critical process involving considerations of capacity, background, and contribution to the Group's objectives. Ensuring a thorough evaluation process is essential to identify suitable candidates who

can effectively contribute to the board's diversity and competence. The Board believes the current composition meets the requirements MMLR and does not foresee immediate need for changes. The Nomination Committee will continue evaluating board composition periodically and propose new appointments if any.

Sustainability Matters

14. We note that the Company's Sustainability Statement (pages 13 to 23) lacks sufficient pertinent and useful information which can serve as an effective document to communicate to internal and external stakeholders on sustainability matters encompassing environment, social and governance (ESG) issues. These include: (a) information or data either not disclosed or inadequately addressed. Examples are strategies, initiatives, KPIs, targets, timelines, and actual achievements. (b) disclosures noted to be grossly lacking are particularly on the environment. There was no mention of issues such as the reduction of greenhouse gas (GHG) emissions, use of renewable energy, solar energy, installation of photovoltaic (PV) solar panels, rain harvesting and green certification of properties.

Answer

The Group acknowledges the feedback and recognises that there is room for improvement in its Sustainability Statement. Efforts will continue to enhance the reporting on sustainability matters, including environment, social, and governance (ESG) issues. The Group aims to strike a balance between advancing its core business development and enhancing its sustainability initiatives.

15. What are the Group's strategies, initiatives, KPIs and targets in addressing climate change?

Answer

The Board acknowledges the importance of addressing climate change. The Company will explore approaches such as using sustainable and low-carbon materials in construction projects, reducing waste on site, and provide training programs for staff on green construction techniques and site management.