since 1967

LFE Corporation Berhad

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

ANNUAL REPORT 2023

Table of Contents

Dear Valued Shareholders

Inaugurating my appointment as Chairman of LFE Corporation Berhad ("LFE" or the "Group") during the year, it is with great honor that I present the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2023 ("FYE 2023").

Chairman's Statement

Financial Review

It is with immense pride that I present to you the first chairman's statement for LFE CORPORATION BERHAD for the year ended 31 December 2023. This year marks an exceptional milestone for the Group, as we have achieved remarkable growth and profitability, surpassing all expectations.

I am delighted to announce that the Group has experienced a substantial surge in performance, with our revenue soaring to RM114.4 million, representing an extraordinary 56% increase from the previous year. This impressive growth has been primarily driven by our thriving property development segment, which has expanded significantly, underscoring our strategic prowess and market acumen.

Our profit from operations has reached an unprecedented high, soaring to RM18.3 million, marking a staggering 476% increment from the preceding year. This remarkable achievement is a testament to the diligent efforts of our dedicated team and the efficacy of our business strategies. It is worth noting that this year's revenue and profit are the highest recorded in almost a decade, signifying our steadfast commitment to excellence and resilience in the face of challenges.

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 pursuit of our strategic goals for expansion, we have significantly strengthened our land portfolio to support future property development initiatives. Apart from the ongoing Gurun East Project – Phase 2, we have acquired multiple parcels of land contiguous to the project, totaling over 90 acres, earmarked for forthcoming development phases. Additionally, we have forged a joint venture partnership with landowners to develop another phase of the Gurun East Project, encompassing approximately 175 acres adjacent to our existing project.

Property Development Segment (Cont'd)

The recent launch of our property development arm has yielded promising results, with recorded revenue of RM49.5 million, constituting 43% of the Group's total revenue. This segment has also delivered commendable profit after tax amounting to RM5.1 million, representing 34% of the Group's total post-tax profit.

We are proud of the strong performance exhibited by our property development business and hold firm confidence in its ongoing contribution to the Group's revenue and profitability in the foreseeable future. These strategic acquisitions reaffirm our unwavering belief in the potential of the property development sector, positioning us favorably for sustained growth and profitability in the years to come. Our unwavering commitment remains focused on delivering exceptional value to our customers and stakeholders through pioneering and sustainable development initiatives.

Newly Acquire Subsidiaries

While we did not acquire any new subsidiaries this year, we have consolidated our 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.

The integration of CPMSB has yielded significant synergies, enhancing our capabilities in civil and structural construction. The new skills and specialization brought about by the merger of CPMSB have also eased the Group's challenges in expanding into new property development segment.

Recognizing the immense potential of LDSB as a catalyst for our future growth, we have acquired the remaining equity stake to fully capitalize on its capabilities and market opportunities. We are confident that the full integration of LDSB into our operations will unlock new avenues for revenue generation and bolster our competitive edge in the property development landscape.

Future Prospect

Looking ahead, our focus remains steadfast on driving growth and innovation in our core business segments. We will continue to pursue organic growth opportunities by expanding our land bank and exploring new development projects that align with market demand and trends.

In addition to our ongoing projects, we aspire to venture into high-rise residential and mixed-use developments to diversify our portfolio and unlock new sources of value creation. However, we remain cognizant of the challenges and complexities associated with such endeavors and will approach them with prudence and strategic foresight.

Corporate Governance

As a responsible corporate citizen, we are committed to upholding the highest standards of corporate governance, transparency, and sustainability. Our unwavering dedication to ethical business practices and stakeholder engagement underscores our commitment to long-term value creation and sustainable growth. 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 extend my heartfelt gratitude to our valued customers, partners, shareholders, and stakeholders for their unwavering support and trust in our vision. I would also like to express my sincere appreciation to the Board of Directors, management team, and employees for their exceptional dedication and resilience in driving our success.

Together, we have achieved remarkable milestones, and I am confident that with our collective efforts and unwavering determination, we will continue to chart new heights of success in the years ahead.

CHUAH CHONG EWE
Executive Chairman

Dear Valued Shareholders

On behalf of the Board of Directors of LFE Corporation Berhad ("LFE", the "Group"), it is our utmost pleasure to present the following management discussion and analysis to provide a review of the business and operations, current financial year financial performance, and outlook for LFE and should be read in conjunction with the Group's audited financial statements and the accompanying notes for the financial year ended 31 December 2023("FYE 2023").

Liew Kiam Woon
Managing Director

Management Discussion and Analysis

FINANCIAL PERFORMANCE

Revenue

For the financial year ended 31 December 2023 ("FYE 2023") marked a significant milestone for LFE as it witnessed a remarkable surge in revenue, soaring from RM73.2 million to RM114.4 million. This notable 56% increase compared to the previous year underscores the Group's robust growth trajectory.

The primary driver behind this stellar performance was the exceptional contribution from the property development segment, which saw its revenue increase to RM49.5 million. This represents a staggering 5.5 times increase compared to the previous year's revenue of RM7.7 million. In comparison to the previous year, where the property development segment contributed only 10% to the total group revenue, in the current period, it has surged to represent 43% of the total group's revenue. Such exponential growth highlights the burgeoning importance of the property development segment within the Group's revenue composition.

FINANCIAL PERFORMANCE (Cont'd)

Revenue (Cont'd)

Moreover, the construction and mechanical & electrical (M&E) segments also demonstrated commendable growth, with revenues steadily climbing from RM73.3 million to RM94.8 million, reflecting a solid 29%, underscoring the Group's ability to capitalize on diverse revenue streams and adapt effectively to dynamic market conditions.

Looking forward, there is a prospect that revenue from both the property development and construction segments could attain equal significance in sustaining the Group's overall revenue trajectory. This projection underscores the Group's strategic planning and proactive initiatives aimed at achieving a well-balanced revenue portfolio. By doing so, the Group reinforces its resilience against market fluctuations and solidifies its long-term sustainability

Gross Profit Margin (GP)

In FYE 2023, the Group achieved a Gross Profit ("GP") of RM24.4 million, accompanied by an impressive GP margin of 21%, marking a significant improvement from the previous year's margin of 10%. This enhancement in GP margin underscores the efficacy of the management's strategic initiatives, particularly in cost management and project selection. Notably, the 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.

The increase in GP margin can be attributed to several factors, including the implementation of stringent cost control measures and the strategic pursuit of projects with favorable margins. Additionally, the Group's meticulous project selection process ensures that each awarded project contributes positively to overall profitability.

Furthermore, the management maintains a delicate balance between fostering business growth in terms of revenue and safeguarding the overall profitability of the Group. This strategic approach mitigates the risk of blind over-expansion and potential cash flow disruptions, thereby ensuring the Group's financial stability and sustainability in the long run.

Other income

During FYE 2023, the Group derived other income totaling RM 0.7 million which mainly comprised of fair value gain on financial assets amounting to RM0.3 million and interest on deposits amounting to RM0.2 million. This marks a departure from the previous year's other income, which predominantly stemmed from reversals of receivables. LFE is committed to managing the cash surplus judiciously to maximize returns from it.

Administration Expenses

The Group's administrative expenses increased by RM1.4 million from RM4.9 million in the previous year to RM6.3 million in FYE 2023. This increase in administrative costs can largely be attributed to additional marketing expenditure and legal fees stemming from the property development project. However, upon excluding property development-related expenses, the Group's overall administrative costs experienced a slight decrease compared to the previous year. This decline underscores the management's steadfast dedication to effective expenditure management and optimized staffing structures, ultimately aiming to enhance returns for shareholders.

Share of Loss from Joint Ventures

As in the previous year, the Group's joint venture remained inactive, prompting initiatives to dissolve the entity. While the financial impact of the joint venture remains negligible, ongoing discussions with the partners are aimed at streamlining the termination process. Consequently, the Group foresees minimal financial implications resulting from the joint venture, except for the eventual distribution of retained investments upon termination.

Other Operating Expenses

The Group witnessed a significant decrease in its other operating expenses, plummeting from RM0.9 million in FYE 2022 to RM0.3 million in FYE 2023. This sharp decline can be primarily attributed to the reduction in expected credit loss provisions for trade receivables, which decreased from RM0.7 million in FYE 2022 to RM0.3 million in FYE 2023. These impairment provisions were formulated based on the assumption of a loss allowance utilizing the 12-month expected credit losses methodology as prescribed by the Malaysian Financial Reporting Standards (MFRS) 9.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

Finance Cost and Gearing

Despite maintaining a net cash position as of 31 December 2022, the Group secured a new banking facility of RM10 million in term loans during FYE 2023 to finance working capital needs for property development projects. However, the Group remains committed to prudent borrowing practices, ensuring cautious expansion and financial stability. Moreover, the Group's net cash position, bolstered by cash and cash equivalents amounting to RM22.7 million, underscores its resilience and capacity to confidently navigate forthcoming challenges.

Taxation

In comparison to the previous year, tax expenses surged by 1.6 times, escalating from RM1.2 million to RM3.1 million. This substantial increase can primarily be attributed to the higher profit before tax generated by the Group during the year. Furthermore, the Group holds approximately RM36.7 million in unutilized tax loss credits within one of its subsidiaries. Regrettably, these carried forward loss credits couldn't be utilized by another profitable entity within the Group. Presently, the Group is actively strategizing to ascertain the most effective and legitimate method to leverage these tax loss credits, aiming to mitigate future tax expenses.

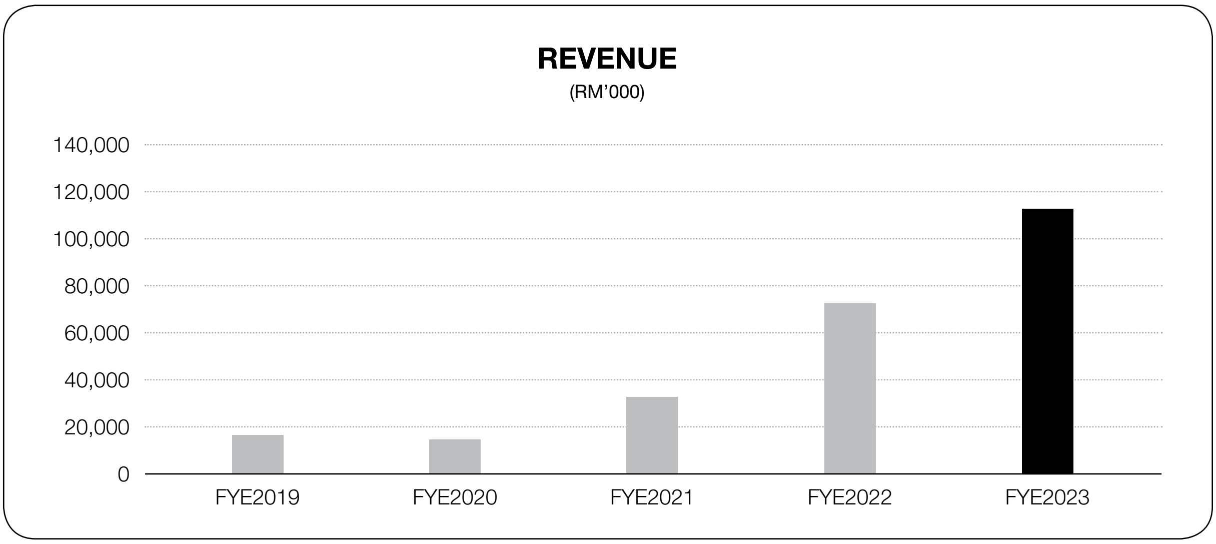
CONCLUSION

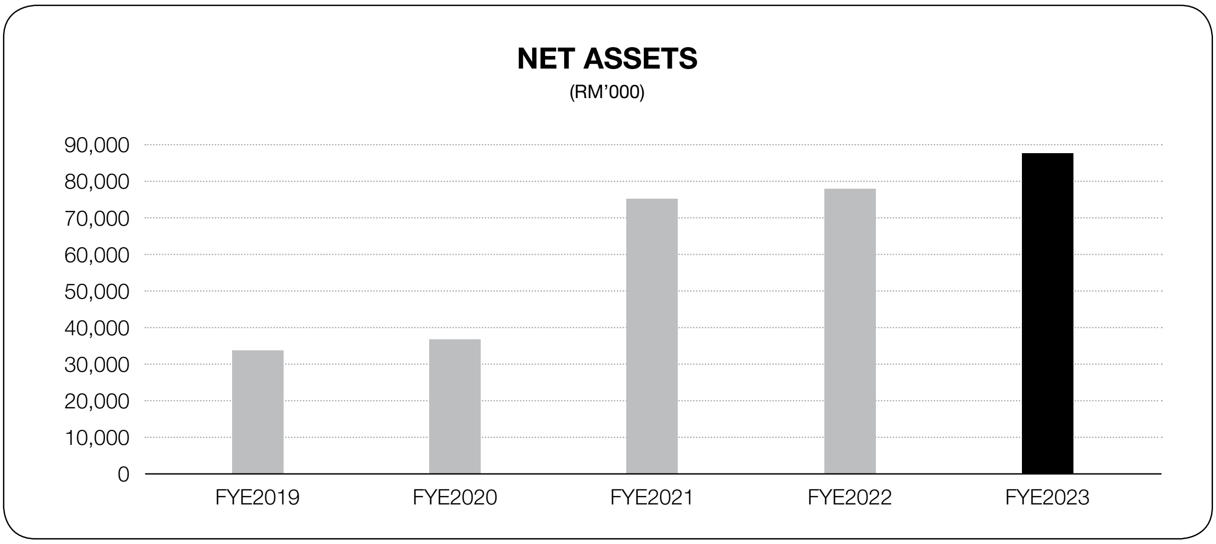
The financial year ended 31 December 2023 witnessed LFE achieving its highest revenue and profit after tax in a decade, underscoring its robust growth trajectory and resilient business model. The Group's strategic expansion in the property development segment, coupled with effective cost management across operations, propelled its financial performance to new heights. However, it is essential to acknowledge that the Group's performance remains subject to project dependencies, which may result in short-term fluctuations. Nevertheless, the Group remains steadfast in its commitment to sustainable long-term growth, balancing expansion opportunities with prudent risk management strategies.

Looking ahead, LFE remains poised to capitalize on growth prospects in both the property development and construction segments. While economic challenges persist, the Group is committed to leveraging its diversified revenue streams and robust financial position to navigate uncertainties effectively. By prioritizing strategic initiatives and maintaining financial discipline, LFE is well-positioned to sustain its growth momentum and deliver long-term value to shareholders.

Group Financial Highlights

	FYE 2019 RM	FYE 2020 RM	FYE 2021 RM	FYE 2022 RM	FYE 2023 RM
Revenue	18,855,668	13,429,231	32,875,097	73,227,340	114,354,810
Profit/(Loss) after taxation	116,867	(1,719,399)	(14,120,101)	1,930,980	15,159,033
Basic earnings/(loss) per share (sen) based on profit attributable to equity shareholders	0.06	(0.77)	(2.64)	0.06	1.20
Net assets	34,490,570	37,044,000	73,952,299	75,943,899	85,529,144
Net assets per share (sen)	16.87	16.49	12.12	9.48	7.71





Corporate Information

BOARD OF DIRECTORS

Chuah Chong Ewe
Executive Chairman
(Appointed on 30 May 2023)

Liew Kiam Woon
Managing Director

Goh Chee Hoe
Executive Director

Tng Ling Ling
Independent Non-Executive Director

Lim Say Leong
Independent Non-Executive Director

Ahmad Zakie Bin Ahmad Shariff
Independent Non-Executive Director
(Appointed on 30 August 2023)

AUDIT COMMITTEE

Lim Say Leong
(Chairman)
Tng Ling Ling
Ahmad Zakie Bin Hj Ahmad Shariff

REMUNERATION COMMITTEE

Tng Ling Ling
(Chairman)
Lim Say Leong
Liew Kiam Woon

NOMINATION COMMITTEE

Ahmad Zakie Bin Hj Ahmad Shariff
(Chairman)
Tng Ling Ling
Lim Say Leong

RISK MANAGEMENT COMMITTEE

Lim Say Leong
(Chairman)
Tng Ling Ling
Goh Chee Hoe
Ahmad Zakie Bin Hj Ahmad Shariff

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
Al Rajhi Banking & Investment Corporation (Malaysia) 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 7840 0099
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

Lim Li Heong
(MAICSA 7054716)
SSM Practising Certificate No.:
202008001981

Wong Mee Kiat
(MAICSA 7058813)
SSM Practising Certificate No.:
202008001958)

AUDITORS

HLB Ler Lum Chew 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

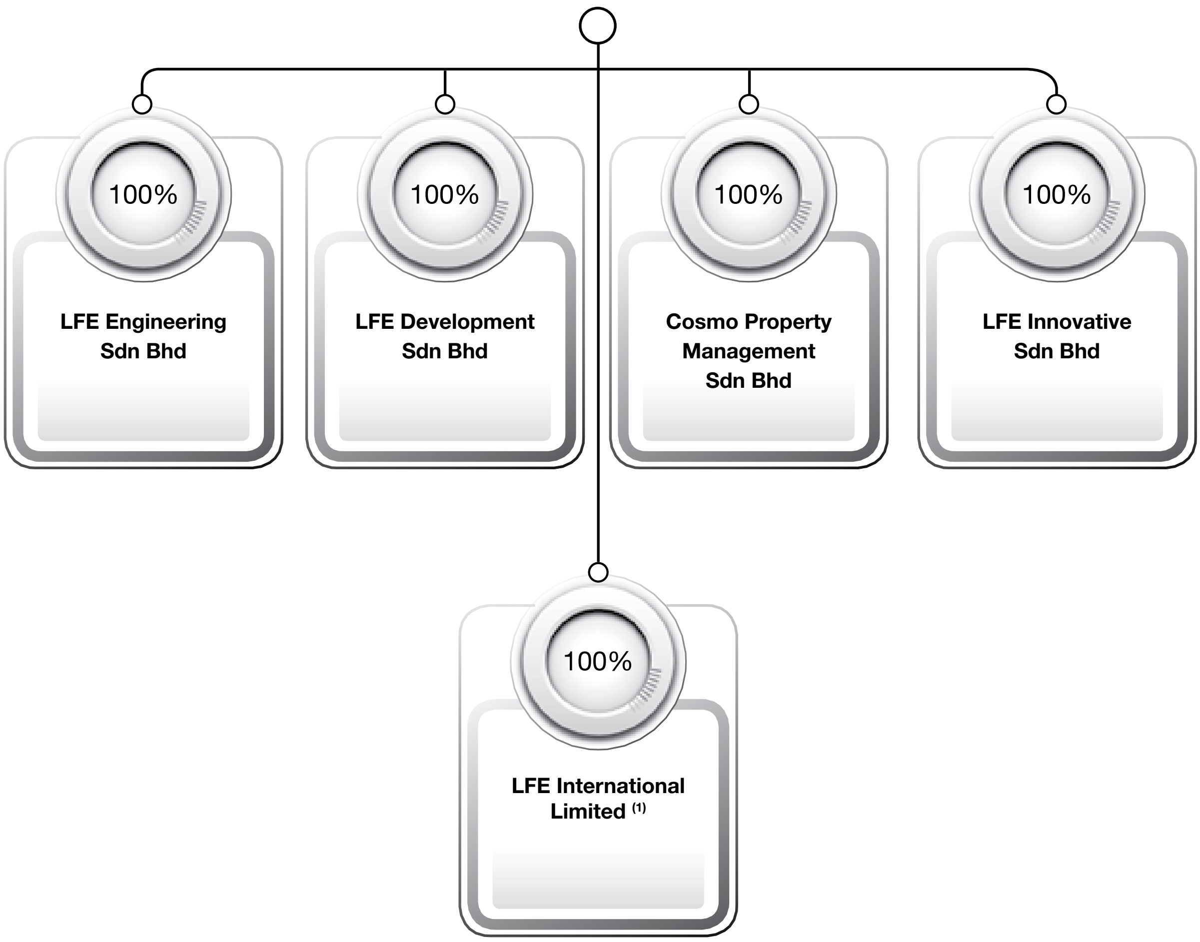
REGISTERED OFFICE

Level 5, Tower 8, Avenue 5,
Horizon 2, Bangsar South City
59200 Kuala Lumpur
Tel : 603 2280 6388
Fax : 603 2280 6399
Email : listcomalaysia@acclime.com

Group Structure

since 1967

LFE CORPORATION BERHAD
[200201011680 (579343-A)]



(1) Incorporated in The British Virgin Islands

Directors' Profile

Mr Chuah Chong Ewe

Executive Chairman

Nationality *Malaysian* ***Gender*** *Male* ***Aged*** *57*

Mr. Chuah was appointed as the Executive Chairman of the Company on 30 May 2023. He holds a Bachelor's Degree in LLB (Hons) from the University of Malaya in 1992 and was admitted to the Malaysian Bar Council in 1993. He is a highly accomplished legal professional with approximately 20 years of experience in legal practice.

Being in the legal field for almost two decades, he has established a strong reputation within the industry. He later transitioned to the corporate commercial section, leveraging his extensive knowledge and expertise to excel in his new role. Mr. Chuah's commercial involvements are diverse, encompassing technology, manufacturing, property development, construction, engineering, hospitality, and investment in public listed companies.

Mr. Chuah is the substantial shareholder of the Company. He is currently the Managing Director for both Luster Industries Berhad and Aimflex Berhad. He was former Group Executive Director and Chief Executive Director of Seal Incorporated Berhad and Pentamaster Corporation Berhad

Mr Liew Kiam Woon

Managing Director

Nationality *Malaysian* ***Gender*** *Male* ***Aged*** *61*

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 Deputy 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 Goh Chee Hoe

Executive Director

Nationality *Malaysian* ***Gender*** *Male* ***Aged*** *32*

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.

Mr Admad Zakie Bin Hj Ahmad Shariff

Senior Independent Non-Executive Director

Nationality *Malaysian* ***Gender*** *Male* ***Aged*** *67*

Mr. Ahmad Zakie was appointed as the Independent Non-Executive Director of the Company on 30 August 2023. He served as the Chairman of the Nomination Committee and a member of the Audit Committee and Risk Management Committee.

Mr. Ahmad Zakie graduated with a Degree in Economics and Management at Universiti Kebangsaan Malaysia in 1980. He then pursued further studies in Accounting Science at the University of Illinois, Urbana-Champaign, Ill., USA in 1981 and Financial Accounting at post-graduate level at Sheffield University, England in 1987.

Mr Ahmad Zakie is an accomplished professional with a diverse academic background and extensive experience in various sectors including academia, finance, and entrepreneurship.
Throughout his career, Mr. Ahmad Zakie has worked as an accounting lecturer, equities analyst, and held senior management positions in both Malaysia and abroad. Additionally, he has founded and sold several companies, demonstrating his entrepreneurial spirit. Mr Ahmad Zakie continues to share his knowledge by occasionally lecturing graduate students while undergoing various leadership training programs at prestigious institutions worldwide.

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

Mr Lim Say Leong

Independent Non-Executive Director

Nationality *Malaysian* ***Gender*** *Male* ***Aged*** *55*

Mr. Lim was appointed as Independent Non-Executive Director of the Company on 24 June 2021. He also served as the Chairman of the Audit Committee and Risk Management Committee and a member of the Remuneration Committee and Nomination Committee.

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 Master 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.

DIRECTORS' PROFILE

(cont'd)

Ms Tng Ling Ling

Independent Non-Executive Director

Nationality *Malaysian* ***Gender*** *Female* ***Aged*** *40*

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 the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Risk Management Committee.

Ms. Tng has more than seventeen (17) years of considerable experience throughout her career in 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 was 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.

Other Information

1) None of the Directors have any family relationships with the Directors and/or major shareholders of the Company.
2) None of the Directors has any personal interest / conflict of interest / potential conflict of interest, including interest in any competent business with the Company and the subsidiary.
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.
4) The details of attendance of the Directors at the Board Meeting are set out on page 26 of this Annual Report.
5) The details of the Directors' interest in the securities of the Company are set out in the Analysis of Shareholdings on page 117 of this Annual Report.

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 and Sustainability Reporting Guide (3rd Edition) of Bursa Malaysia Securities Berhad ("Bursa Securities") and Securities Commission's Malaysia Codde on Corporate Governance. 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 2023 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

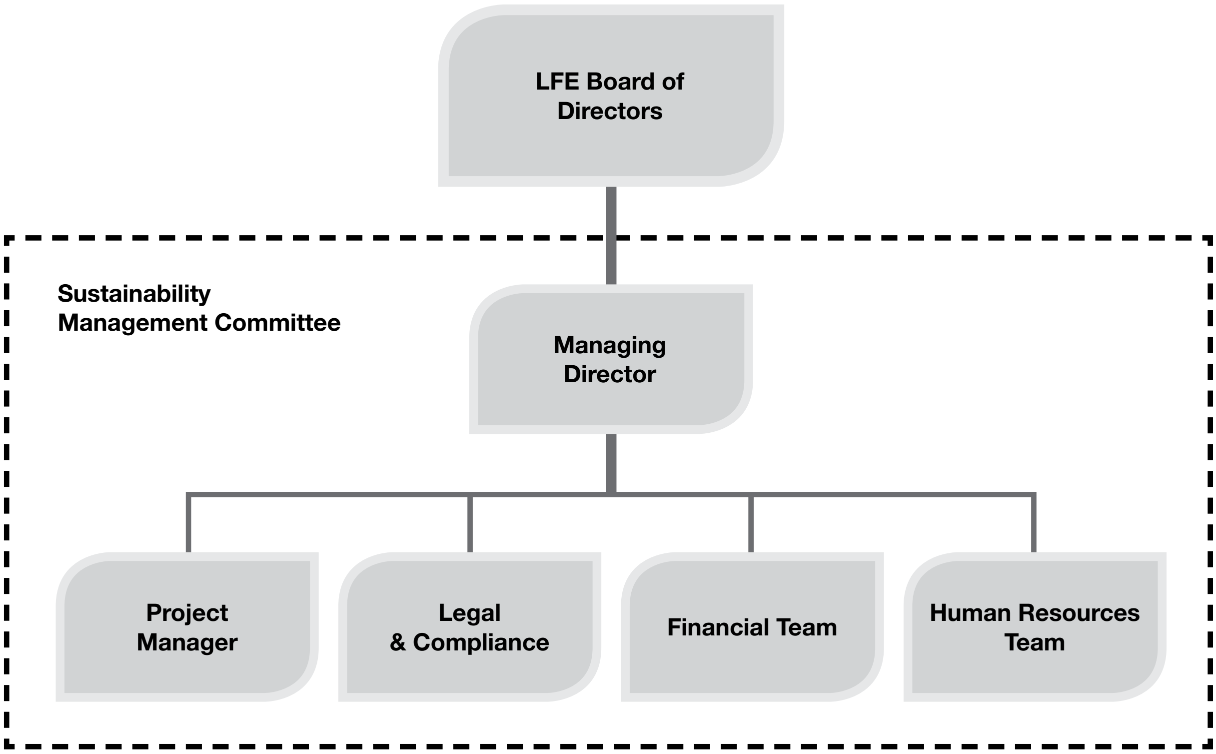
LFE CORPORATION BERHAD
Suite 11.01, 11th Floor
Campbell Complex 98,
Jalan Dang Wangi
50100 Kuala Lumpur
Tel : 603-7840 0099
Fax : 603-26948833
Website : www.lfe.com.my
Email : info@lfe.com.my

SUSTAINABILITY STATEMENT
(cont'd)

SUSTAINABILITY GOVERNANCE

To uphold our company's sustainability objectives, we have established a governance framework for our Global Sustainability program that aligns with our business objectives. Our sustainability governance structure ensures the integration of sustainability strategies into our operations, thereby delivering enduring value to our stakeholders. At the helm of our sustainability program is the Managing Director, supported by a team of Sustainability Committee members representing various key functions.

The Managing Director plays a pivotal role in reviewing and endorsing all policies and frameworks pertaining to the development of the Group's sustainability practices. Meanwhile, the Sustainability Committee is tasked with overseeing the implementation of sustainability initiatives within LFE and recommending approaches for effectively managing material concerns to the Managing Director. Furthermore, the Board of Directors assumes oversight of the Sustainability Committee, charting strategies that facilitate the creation of long-term value, including considerations related to environmental, social, and governance (ESG) factors that underpin sustainability.



STAKEHOLDER ENGAGEMENT

We view stakeholders as any group significantly impacted by and deeply interested in our operations. Naturally, their influence shapes our business activities and strategic decisions, geared towards meeting their expectations and fostering long-term benefits in terms of business sustainability and value creation. Stakeholder engagement forms a cornerstone of our approach to ensuring business sustainability. Through stakeholder engagement, we reaffirm the most pertinent issues and devise strategies to address them effectively within the Group.

Our engagement extends to a diverse array of stakeholders, including employees, customers, shareholders, NGOs, suppliers, industry groups, and local communities. Effective communication with stakeholders enables us to cultivate trust, leverage their expertise, and gain invaluable insights into pressing issues. The outcomes of these engagements progressively inform and delineate our sustainability strategic priorities, guiding the implementation of our sustainability initiatives. Subsequently, we take requisite actions to tackle the identified issues gleaned from stakeholder engagement, which are summarized 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

SUSTAINABILITY STATEMENT
(cont'd)

MATERIALITY ASSESSMENT

Sustainability matters encompass the risks and opportunities stemming from the economic, environmental, and social (EES) impacts of our organization's operations and activities. Our understanding of materiality aligns with the guidelines set forth by Bursa Malaysia, where material issues are defined as those reflecting an organization's significant EES impacts or substantially influencing the assessments and decisions of stakeholders.

We have identified six key stakeholder groups: shareholders, authorities, customers, employees, suppliers, and local communities. Our objective is to comprehend and address the unique needs of each group, thereby fostering a sustainable and thriving business. Through the materiality assessment process, we have pinpointed the issues most pertinent to us. Each of these initiatives has been categorized under the relevant sustainability domains aimed at managing 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 revolves around generating sustainable financial returns and creating value for stakeholders, ensuring the longevity of our business. Despite the challenging landscape in the construction sector, we are dedicated to fortifying and sustaining the Group's economic performance for the future while upholding financial profitability. In the short to medium term, LFE has effectively maintained reasonable growth in turnover value and secured a substantial order book for the financial year ended 2023 through heightened business efficiency and enhanced cost control measures. Looking ahead in the long term, our focus remains on delivering high-quality products, enhancing the efficiency of our assets, and optimizing capital management to achieve sustainable economic growth for our stakeholders.

Product Quality and Innovations

At LFE, we emphasize the continual enhancement and maintenance of the quality of our products and services, recognizing it as a fundamental component for attaining sustained business prosperity. As a property developer, delivering property products of superior quality and punctuality is imperative for fostering enduring growth. We are steadfast in catering to our customers' needs and endeavor to generate sustainable value for them through an exceptional product assortment. Our team remains abreast of the latest industry trends and readily adapts to emerging innovations while upholding consistent product quality standards. We acknowledge that furnishing quality products and services not only gratifies our customers but also bolsters the overall triumph of our enterprise. Hence, we remain dedicated to prioritizing quality and striving for excellence across all facets of our operations. LFE's quality control and management align with the Quality Policy mandates stipulated by ISO 9001:2015 Quality Management Systems – Requirements.

Customer satisfaction

At LFE, prioritizing customer satisfaction stands as a paramount objective, recognizing its pivotal role in establishing and upholding our brand reputation over the long haul. Across all our divisions, the achievement of marketplace triumph is intricately linked to customer satisfaction and engagement, and we are resolute in our commitment to actively solicit and integrate feedback from our clientele. In pursuit of this goal, we routinely administer surveys, extend after-sales services, and compile comprehensive completion reports. Our customers' satisfaction is predominantly shaped by factors such as the quality of our products, competitive pricing, caliber of support services, reliability in delivery, and efficacious resolution of grievances.

Procurement Practices and Tender

The Group maintains unwavering standards of integrity, accountability, and transparency throughout its procurement and tender processes. Each procurement and tender undergoes meticulous evaluation and approval by the relevant authority, adhering to the guidelines outlined in ISO 9001:2015 Clause 8.2. The Group unequivocally prohibits any semblance of corrupt practices in all business transactions and enforces a zero-tolerance policy towards such misconduct. Every officer is expected to uphold ethical conduct, and any contravention of this policy will be met with stringent disciplinary action.

Contribution to the Local Economy

Recognizing its role as a Malaysian entity, LFE acknowledges its obligation to contribute to the local community by fostering direct economic activity and fostering employment opportunities. While the Group does not possess a formal policy for supplier and subcontractor selection, it endeavors to prioritize local suppliers and contractors whenever feasible, thereby bolstering community support. Furthermore, LFE remains dedicated to the recruitment and development of local talent, thereby enhancing the pool of skills and capabilities within the local workforce. Notably, all staff members at LFE are local hires in the regions where our operations are based.

SOCIAL

Providing Equal Opportunities for Our Employees

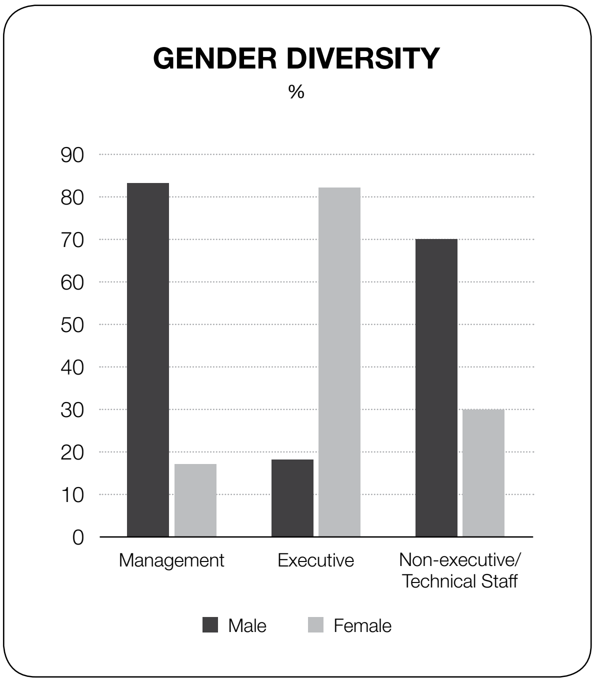
At LFE, we hold diversity and inclusivity in our workforce in high regard, endeavoring to provide equal opportunities for all individuals, regardless of their gender, race, or age. Our company's performance appraisal system is designed to assess employees solely based on their performance and Key Performance Indicators, ensuring equitable evaluation and recognition based purely on merit. Both the Management and HR departments adhere to a transparent recruitment and promotion process, where candidates are selected based on their qualifications, experience, knowledge, and performance, without any form of discrimination.

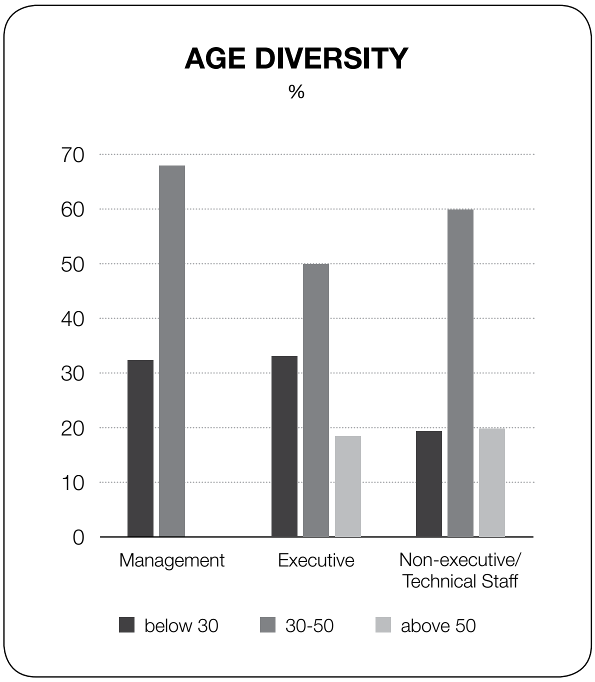
Talent retention and development

At LFE, we deeply acknowledge that our employees represent our most invaluable asset, and their continual development stands as pivotal to our business's triumph. To remain agile in an ever-evolving business landscape, we prioritize the nurturing of human capital. This is achieved through regular training initiatives and internal promotions aimed at inspiring and empowering our workforce. Our organizational culture fosters an environment of continuous growth and development, cultivating robust teamwork and fostering unwavering loyalty. As a conscientious entity, we recognize the significance of providing a conducive workplace environment, replete with ample opportunities and incentives for our employees to expand both personally and professionally. This approach enables them to make meaningful contributions not only to our company but also to society at large.

Open Workforce Communications

At the Group, we place a strong emphasis on fostering open communication channels across all echelons of employees and departments, facilitated by regular interactive sessions between employees and senior management. Transparency serves as a cornerstone of our organizational ethos, with employee feedback regarded as invaluable in sculpting LFE into an ideal workplace conducive to professional growth. Our company culture embraces an open-office ethos, dismantling virtual barriers between departments and management levels to ensure seamless information flow. The Human Resources and Training Department assumes an active role in identifying and comprehending employees' needs, thereby bolstering their overall well-being.





SOCIAL (CONT'D)

Community Project

Throughout 2023, the LFE Group exemplified its dedication to fostering positive change within the community through a range of philanthropic endeavors. These initiatives encompassed both humanitarian and environmental causes, reflecting the Group's comprehensive approach to corporate social responsibility. Crucially, the active involvement of LFE's staff in these endeavors yielded encouraging responses from the community.

A notable initiative spearheaded by LFE was a collaborative effort with the Persatuan Kebajikan Hope Worldwide Malaysia to launch a Junior Reading Program tailored for children aged 7 to 12. This program aimed to cultivate a culture of reading among young minds, particularly from disadvantaged backgrounds. The English Reading Program served as a platform for children and youth from low-income families to enhance their English proficiency. Volunteers, driven by their passion for education, played a pivotal role in this initiative.

Volunteers actively engaged in facilitating various aspects of the program, including icebreaker activities, group discussions, and providing one-on-one mentoring sessions with the students. These personalized interactions allowed volunteers to directly impact the learning journey of each participant, fostering a supportive environment for educational growth.

Through these collaborative efforts, the LFE Group underscored its unwavering commitment to social responsibility and its determination to effect meaningful change within the community.

Safety and Health

At LFE, safety isn't merely a catchphrase; it's an integral facet of our day-to-day operations. Given our involvement in the construction and mechanical & electrical sectors, we are acutely aware of the inherent risks associated with our projects. Consequently, we uphold the highest safety and health standards, leaving no room for compromise. Every operator, officer, and supervisor is mandated to strictly adhere to LFE's safety policies, procedures, and performance benchmarks. Prior to commencing any work, our staff undergo comprehensive training and supervision, ensuring their preparedness and competence. Moreover, we meticulously ensure that all equipment utilized is certified as fit for use by relevant authorities. Certain highly technical tasks are reserved exclusively for authorized personnel possessing the requisite licensing qualifications and experience.

In showcasing our competence and capabilities, we have procured licenses and certificates from esteemed local authorities, including the Construction Industry Development Board (CIDB), Putrajaya Energy Commission, and Tenaga Nasional Berhad (TNB). Additionally, we meticulously adhere to pertinent health and safety legislation and regulations, with our Human Resources Department dedicated to ensuring group-wide compliance. We take pride in our unblemished track record, having not incurred any government penalties or been embroiled in lawsuits related to health and safety matters.

SUSTAINABILITY STATEMENT
(cont'd)

SOCIAL (CONT'D)

Industry development

LFE has been actively contributing to the growth and progress of the construction industry by its longstanding membership with the Master Builders Association Malaysia (MBAM), a testament to the Group's enduring commitment to industry development. For over three decades, LFE has remained an engaged and dedicated member of MBAM, leveraging its platform to drive positive change and advancement within the sector.

The Managing Director of LFE, Mr. Liew Kiam Woon, who holds the esteemed position of Deputy President within MBAM. Mr. Liew's influences and active involvement have been instrumental in orchestrating dialogues, seminars, and collaborative events involving various industry stakeholders and regulatory authorities. Through these initiatives, MBAM endeavors to uphold the highest standards of professionalism, innovation, and sustainability within the construction industry.

By actively participating in industry-wide discussions and initiatives, LFE reaffirms its commitment to driving positive change, elevating industry standards, and advocating for sustainable development practices. Through collaborative efforts and a shared vision, LFE aims to continue playing a pivotal role, through its membership with MBAM, in shaping the future of the construction industry. This commitment ensures the industry's resilience, sustainability, and long-term prosperity.

ENVIRONMENT

Waste Management

In LFE, our commitment to waste management extends across all facets of our operations, ensuring that sustainable practices are embedded into our construction projects and office environment alike. While our primary aim is to plan and design our construction projects in a manner that minimizes on-site waste generation, we also adhere to the waste hierarchy principle, which guides our approach when waste production cannot be entirely avoided.

One of our key strategies involves implementing measures to reduce the amount of waste created during construction activities. This includes employing waste prevention techniques and reusing materials wherever feasible. Additionally, we prioritize recycling materials from the site that cannot be reused. To facilitate efficient material management, we employ 'just-in-time' delivery strategies with suppliers, synchronizing deliveries with project construction stages to minimize on-site storage duration and mitigate risks such as damage from improper storage or adverse weather conditions. Careful pre-construction planning for bulk material storage minimizes transportation around the site, reducing the likelihood of material breakage during movement.

On-site waste sorting stations are strategically designated to facilitate recycling, with separate compartments provided for different types of waste. Our licensed contractors are closely monitored and encouraged to adhere to proper waste management practices, promoting cost savings and enhancing site safety.

In our office environment, waste management practices are also diligently observed. Recycling collection and material separation initiatives are integral components of our waste management process. Employees are encouraged to segregate waste into recyclable and non-recyclable categories for disposal, with recyclable materials regularly transferred to designated recycling stations.

Reduce of Paper usage

Recognizing the environmental impact of paper usage, LFE has implemented strategies to reduce paper consumption. Employees are encouraged to embrace paperless initiatives, such as opting for electronic approvals rather than hardcopy printouts. When printing is unavoidable, we prioritize double-sided printing and encourage the reuse of draft papers whenever possible. Since 2020, we have reduced the printed copies of our annual report by encouraging shareholders to access it digitally via our Group's website or Bursa's website, providing hardcopies only upon request. These efforts underscore our commitment to responsible waste management and sustainability practices across our operations.

CONCLUSION

In conclusion, LFE Corporation Berhad reaffirms its steadfast dedication to sustainability across all facets of our operations. We understand the imperative of adopting a systematic approach to continually enhancing our sustainability framework, reflecting our commitment to minimizing environmental impact while maximizing social and economic contributions.

To achieve these objectives, we are committed to revisiting and refining our existing practices, as well as introducing innovative initiatives to further advance our sustainability agenda. Through proactive engagement with stakeholders via diverse communication channels, we will foster an open dialogue aimed at aligning our sustainability efforts with their expectations and needs.

As we chart our course into the future, our unwavering commitment to sustainability and corporate responsibility remains paramount. By embracing innovation, harnessing the power of technology, and actively collaborating with stakeholders, we are poised to drive positive change and create enduring value for our shareholders, employees, communities, and the environment alike. With sustainability firmly entrenched in our business ethos, LFE Corporation Berhad stands ready to lead the way in shaping a brighter, 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 2024.

SUSTAINABILITY STATEMENT
(cont'd)

PERFORMANCE DATA TABLE FROM BURSA ESG REPORTING PLATFORM

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	30,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	33.00
Management Above 50	Percentage	67.00
Executive Under 30	Percentage	33.00
Executive Between 30-50	Percentage	50.00
Executive Above 50	Percentage	17.00
Non-executive/Technical Staff Under 30	Percentage	20.00
Non-executive/Technical Staff Between 30-50	Percentage	60.00
Non-executive/Technical Staff Above 50	Percentage	20.00
Gender Group by Employee Category		
Management Male	Percentage	83.00
Management Female	Percentage	17.00
Executive Male	Percentage	17.00
Executive Female	Percentage	83.00
Non-executive/Technical Staff Male	Percentage	70.00
Non-executive/Technical Staff Female	Percentage	30.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.00
Female	Percentage	17.00
Under 30	Percentage	0.00
Between 30-50	Percentage	33.00
Above 50	Percentage	67.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	21.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	22
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	34
Executive	Hours	68
Non-executive/Technical Staff	Hours	37
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	3
Executive	Number	2
Non-executive/Technical Staff	Number	5
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0

PERFORMANCE DATA TABLE FROM BURSA ESG REPORTING PLATFORM *(continued)*

Indicator	Measurement Unit	2023
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	5.000000

Internal assurance | External assurance | No assurance | (*)Restated

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 2021 ("MCCG 2021") during the financial year ended 31 December 2023. 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 2023 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 on 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.

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

Board Responsibilities (Cont'd)

The position of Chairman is held by Mr. Chuah Chong Ewe, as the Executive Chairman of the Company. 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. Whilst the Executive Directors are responsible for making and implementing operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies.

All Directors have the right to access to information within the Group and the individual Director or the Board has unrestricted access to all information pertaining to the Group's business and affairs. 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 engages its stakeholders through various means of communication to enable them to understand the Group's business operation more and seek their feedback 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 2023, is set out on pages 013 to 023 of the Annual Report 2023.

Board Composition

The Board acknowledges the call by the Government and MCCG for boards to comprise at least 30% woman on board. The Board 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.

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

Board Composition (Cont'd)

In accordance with the Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of the first appointment as Director. In the event the Board wishes to retain the independent status of an Independent Director who has served for more than nine (9) years, Board justification and shareholders' approval are required. A 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. At this juncture, none of the Independent Directors served more than nine (9) years.

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 six (6) occasions during the financial year ended 31 December 2023 and the details of attendance at Board Meetings is set out below:-

Name of Directors	Meeting attended
Liew Kiam Woon	6/6
Chuah Chong Ewe *(Appointed on 30 May 2023)*	2/2
Goh Chee Hoe	6/6
Tng Ling Ling	6/6
Lim Say Leong	5/6
Ahmad Zakie Bin Hj Ahmad Shariff *(Appointed on 30 August 2023)*	1/1
Loo Thin Tuck *(Resigned on 30 May 2023)*	4/4
YM Tunku Azlan Bin Tunku Aziz *(Resigned on 30 May 2023)*	4/4
Kok Tong Yong *(Resigned on 30 May 2023)*	4/4

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.

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 2023 are as follows:-

Name of Directors	Training Attended	Date
Mr. Liew Kiam Woon	Seminar on Green Roof for Sustainable Urban Development	3 March 2023
	Forced Labour in Malaysia	27 March 2023
	Technical Visit to Merdeka 118 Tower and Precinct	15 May 2023
	Shaping the Future of Sustainability in Construction	12 October 2023
	International Construction Transformation Conference	14 November 2023
Mr. Chuah Chong Ewe	ChatGPT for Finance	14 December 2023
Mr. Goh Chee Hoe	Transfer Pricing, Capital Allowance Maximization, Withholding Tax & SVDP 2.0	23 November 2023
	Managing Income Tax Audit Challenges Effectively	14 December 2023
	Recent Transfer Pricing Developments and Its Impact on Taxpayers	15 December 2023
	Preparing for e-Invoice in Malaysia	20 December 2023

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 2023, besides from attending the briefings conducted by the Company Secretary pertaining to the updates on the MMLR and Mandatory Accreditation Programme Part II, 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 Secretaries

The Board is supported by three (3) qualified secretaries, one (1) is a Fellow member and the other two (2) are the Associate of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as Company Secretary under the Companies Act, 2016. As a practicing company secretary, they have attended continuous professional development programmes as required by MAICSA.

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

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

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

Nomination Committee

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

1. Mr. Ahmad Zakie Bin Hj Ahmad Shariff (Chairman)
2. Ms. Tng Ling Ling
3. Mr. Lim Say Leong

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

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

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

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

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. Ms Tng Ling Ling (Chairman)
2. Mr Liew Kiam Woon
3. Mr Lim Say Leong

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. The 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 2023 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	7,000	450,089	48,280	505,369
Chuah Chong Ewe *(Appointed on 30 May 2023)*	3,000	70,676	8,400	82,076
Goh Chee Hoe	4,500	141,159	16,800	162,459
Kok Tong Yong *(Resigned on 30 May 2023)*	2,500	60,614	2,400	65,514
Non-Executive Directors				
Tng Ling Ling	27,000	–	–	27,000
Lim Say Leong	24,000	–	–	24,000
Ahmad Zakie Bin Hj Ahmad Shariff *(Appointed on 30 August 2023)*	7,000	–	–	7,000
Loo Thin Tuck *(Resigned on 30 May 2023)*	20,000	–	–	20,000
YM Tunku Azlan Bin Tunku Aziz *(Resigned on 30 May 2023)*	13,000	–	–	13,000

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 2021, 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 2023, 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 033 to 035 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.

Audit Committee

The Internal Audit Function is carried out by Tricor Axcelasia Sdn Bhd, an internal audit consulting firm. The internal audit function is headed by an Executive Director namely, Ms Noor Lilah Wati Abdul Majid who is assisted by a manager and supported 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 036 to 038 of this Annual Report provides and 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 dispatched 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 2023 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.

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

Communication with Stakeholders (Cont'd)

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 a 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 2024.

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 ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The AC currently comprises the following members:-

1. Mr. Lim Say Leong (Chairman)
2. Ms. Tng Ling Ling
3. Mr. Ahmad Zakie Bin Hj Ahmad Shariff

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 2023, the AC conducted six (6) 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 2023.

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 2023 are as follows:

Committee Member	Meeting attended
Lim Say Leong	2/2
Tng Ling Ling	6/6
Ahmad Zakie Bin Hj Ahmad Shariff (Appointed on 30 August 2023)	1/1
Loo Thin Tuck (Resigned on 30 May 2023)	4/4
YM Tunku Azlan Bin Tunku Aziz (Resigned on 30 May 2023)	4/4

SUMMARY ACTIVITIES

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

AUDIT COMMITTEE REPORT

(cont'd)

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 summaries the significant audit, accounting and internal control issues identified during the statutory audit for the financial year ended 31 December 2023;
- 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 RM145,000 in respect of the financial year ended 31 December 2023.

The Board at its meeting held on 30 November 2023, 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 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.

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 review 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 2023 were outsourced to an independent assurance provider and the total costs incurred were amounted to RM38,000.

Statement on Risk Management and Internal Control

INTRODUCTION

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

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

BOARD RESPONSIBILITIES

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

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

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

The Composition of the RMC is as follows:

Lim Say Leong (Chairman)	Independent Non-Executive Director
Tng Ling Ling	Independent Non-Executive Director
Ahmad Zakie Bin Hj Ahmad Shariff	Independent Non-Executive Director
Goh Chee Hoe	Executive Director

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

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

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

RISK MANAGEMENT

The Group continues to adopt its Enterprise Risk Management (ERM) methodology, 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 2023, 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 2024.

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 2023 is RM5,000.

2. Material contracts

There was no material contract 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 2023 or entered into since the end of the previous financial year.

3. Utilisation of Proceeds Raised from Corporate Proposal

As at the date of the Notice of Twenty-First Annual General Meeting, there were no proceed raised from corporate exercise during the financial year ended 31 December 2023.

4. Recurrent Related Party Transactions

At the Extraordinary General Meeting held on 28 June 2023, the Company had obtained the approval from its shareholders for a shareholder's mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT"), which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 28 June 2023 and will continue until the conclusion of the forthcoming AGM of the Company.

At the forthcoming AGM to be held on 26 June 2024, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders mandate to be sought will be furnished in the Circular to Shareholders dated 30 April 2024 attached to this Annual Report 2023.

5. Material Properties

The Group do not own any landed property for the financial year ended 31 December 2023.

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 2023.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are stated in Note 22 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
Profit/(loss) for the financial year attributable to:		
- Owners of the Company	11,874,725	(765,074)
- Non-controlling interests	3,284,308	–
	15,159,033	(765,074)

DIVIDEND

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its total issued and paid up share capital from RM107,712,234 to RM134,983,258 via:

(a) Private placement I

During the financial year, the Company issued 240,405,370 ordinary shares of RM0.0864 per share via private placement I. The purpose of issuance of shares are to:

(i) partially settle the cash consideration for the acquisition of 49% of Cosmo Property Management Sdn. Bhd. ("COSMO") as disclosed in Note 22(d);
(ii) finance existing operations and projects as well as any new projects to be secured in the future over the short term; and
(iii) pay for the estimated expenses in relation to the corporate exercise.

DIRECTORS' REPORT

(cont'd)

ISSUE OF SHARES AND DEBENTURES (CONT'D)

(b) Private placement II

During the financial year, the Company issued 66,872,427 new ordinary shares of RM0.0972 per share via private placement II to acquire additional interest in COSMO as disclosed in Note 22(d).

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

There was no issuance of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Liew Kiam Woon	
Goh Chee Hoe	
Lim Say Leong	
Tng Ling Ling	
Chuah Chong Ewe	(Appointed on 30.5.2023)
Ahmad Zakie Bin Hj Ahmad Shariff	(Appointed on 30.8.2023)
Kok Tong Yong	(Resigned on 30.5.2023)
Loo Thin Tuck	(Resigned on 30.5.2023)
YM Tunku Azlan Bin Tunku Aziz	(Resigned on 30.5.2023)

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 1.1.2023/ date of appointment	Acquired	Disposed	At 31.12.2023
Interest in the Company				
Direct interest:				
Liew Kiam Woon	51,564,024	–	–	51,564,024
Chuah Chong Ewe	37,800,000	1,050,000	–	38,850,000
Indirect interest:				
Liew Kiam Woon^	25,589,874	–	–	25,589,874
Chuah Chong Ewe^^	17,560,650	98,372,427	–	115,933,077

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

^^
1. Deemed interest pursuant to Section 8(4)(c) of the Companies Act 2016 held through Triumphant View Sdn Bhd.
2. Deemed interest pursuant to Section 197 of the Companies Act 2016 held through his son, Chuah Chern Yang.
3. Deemed interest pursuant to Section 8 of the Companies Act 2016 held through Resolute Accomplishment Sdn Bhd.

By virtue of their interest in shares of the Company, Liew Kiam Woon and Chuah Chong Ewe 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	68,500	68,500
Salaries and other emoluments	647,000	–
Defined contribution plan	75,880	–
Other benefits	115,038	39,500
	906,418	108,000

SUBSIDIARY COMPANIES

Details of the subsidiary companies are disclosed in Note 22 to the financial statements.

AUDITORS' REMUNERATION

Auditors' remuneration is as follows:

	Group RM	Company RM
HLB Ler Lum Chew PLT:		
- Statutory	145,000	43,000
- Non-statutory	5,000	5,000
	150,000	48,000

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 36 to the financial statements.

AUDITORS

HLB Ler Lum Chew PLT (201906002362 & AF 0276) 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

KUALA LUMPUR
26 APRIL 2024

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 53 to 116 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 2023 and of their financial performance and cash flows for the financial year then ended.

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

LIEW KIAM WOON

GOH CHEE HOE

KUALA LUMPUR
26 APRIL 2024

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 53 to 116 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed LIEW KIAM WOON)
at KUALA LUMPUR)
on this date of 26 APRIL 2024)

LIEW KIAM WOON

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of LFE Corporation Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LFE CORPORATION BERHAD, which comprise the statements of financial position as at 31 December 2023 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 material accounting policy information, as set out on pages 53 to 116.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

KEY AUDIT MATTERS

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

1. Revenue recognition on construction contracts and property development
(Refer to Note 2.2(a), 2.5(p)(i) and 24 to the financial statements)

<u>The risk</u>

During the financial year, the Group recognised revenue amounting to RM64,800,888 and RM49,553,922 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.

INDEPENDENT AUDITORS' REPORT

(cont'd)

KEY AUDIT MATTERS (CONT'D)

1. Revenue recognition on construction contracts and property development (cont'd)

How our audit addressed the key audit matter

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 with subcontractors, historical evidence or results and retrospective review of these estimates;
- Verified the budgeted revenue by examining the construction projects' approved letters of award;
- Inspected the costs incurred to date and compared against sub-contractor claim certificates and suppliers' invoices to corroborate the projects' progress towards satisfaction of the performance obligations and reasonableness of the estimated project budgets;
- Reviewed the progress of on-going construction projects to determine if any provision is required arising from the estimation for liquidated ascertained damages;
- Observed the progress of the constructions by performing site visits and discussed the status of on-going constructions with management and project team;
- Discussed with management and project team to understand the nature of variations orders and claims included in budgeted revenue and inspected correspondences from the customers; and
- Perf ormed re-computations on the calculation of the progress towards satisfaction of performance obligations to ascertain the accuracy in the profit recognition.

Property development

- Evaluated the management's key judgements used in the estimation of total property development costs by assessing the appropriateness of assumptions used and basis of calculation by examining feasibility study, letter of award issued to contractors, historical evidence or results and retrospective review of these estimates;
- Tested sales of properties to signed sales and purchase agreements and billings raised to property buyers;
- Inspected the costs incurred to date and compared against contractor's claim certificates and suppliers' invoices to corroborate the projects' progress towards satisfaction of the performance obligations and reasonableness of the estimated project budget;
- Reviewed the progress of on-going property development projects to determine if any provision is required arising from the estimation for liquidated ascertained damages;
- Observed the progress of the property development projects by performing site visits and discussed the status of on-going property development projects with management and project team;
- Performed re-computations on the calculation of the progress towards satisfaction of performance obligations to ascertain the accuracy in the revenue and costs recognition; and
- Reviewed the consolidation adjustments on the elimination of unrealised profit for intra-group transactions between developer and contractor within the Group.

KEY AUDIT MATTERS (CONT'D)

2. Impairment assessment of goodwill on consolidation
(Refer to Notes 2.2(c), 2.5(r) and 6 to the financial statements)

The risk

As at 31 December 2023, 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.

How our audit addressed the key audit matter

Our audit procedures included, among others, the following:

- Assessed the appropriateness of the determination of cash-generating units;
- Reviewed the cash flow forecast prepared and approved by the management;
- Assessed the methodology adopted and the mathematical accuracy of the cash flow forecast calculations;
- Assessed and tested the reasonableness of the management's key assumptions used and judgements exercised on its 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.

3. Impairment assessment of investment in a subsidiary company
(Refer to Notes 2.2(d), 2.5(a), 2.5(c) and 22 to the financial statements)

The risk

As at 31 December 2023, the carrying amount of the investment in Cosmo Property Management Sdn. Bhd. ("COSMO") amounted to RM56,940,000.

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.

How our audit addressed the key audit matter

We have assessed the appropriateness of the discounted cash flow forecast prepared by management.

Our audit procedures included, among others, the following:

- Reviewed the cash flow forecast prepared and approved by the management;
- Assessed the methodology adopted and the mathematical accuracy of the cash flow forecast calculations;
- Assessed and tested the reasonableness of the management's key assumptions used and judgements exercised on its 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.

INDEPENDENT AUDITORS' REPORT

(cont'd)

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 the 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 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.

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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 of 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 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 and 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 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 reasonable be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

(cont'd)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law and regulations preclude 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 reasonable be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, as disclosed in Note 22 to the financial statements.

OTHER MATTERS

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

HLB LER LUM CHEW PLT
201906002362 & AF 0276
Chartered Accountants

TEH WEIL XUAN
03453/10/2025 J
Chartered Accountant

Dated: 26 April 2024
Kuala Lumpur

Statements of Financial Position

As At 31 December 2023

	Note	Group 2023 RM	Group 2022 RM Restated
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	204,324	314,856
Right-of-use assets	4	22,082	44,163
Investment in joint ventures	5	1,285,909	1,229,959
Goodwill on consolidation	6	23,183,935	23,183,935
Inventories	8	10,785,204	1,313,631
		35,481,454	26,086,544
Current Assets			
Contract assets	7	27,291,281	11,765,520
Inventories	8	16,936,598	24,174,974
Trade receivables	9	29,268,585	20,868,225
Other receivables	10	13,806,618	9,383,557
Contract cost assets	11	407,542	1,086,433
Tax recoverable		588,993	256,276
Other investments	12	7,533,346	11,767,441
Fixed deposit with a licensed bank	13	2,268,000	1,000,000
Cash and bank balances		20,387,748	12,109,412
		118,488,711	92,411,838
TOTAL ASSETS		153,970,165	118,498,382
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	134,983,258	107,712,234
Reserves	15	(49,454,114)	(39,477,820)
Equity attributable to owners of the Company		85,529,144	68,234,414
Non-controlling interests		–	7,709,485
TOTAL EQUITY		85,529,144	75,943,899
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	16	51,746	150,150
Deferred tax liability	17	9,843	11,394
Bank borrowing	18	8,333,332	–
		8,394,921	161,544

STATEMENTS OF FINANCIAL POSITION

(cont'd)

	Note	Group 2023 RM	Group 2022 RM Restated
Current Liabilities			
Contract liabilities	7	106,816	1,545,064
Trade payables	19	52,240,171	33,219,733
Other payables	20	5,188,256	5,477,942
Amount owing to a non-controlling interest	21	–	1,950,000
Lease liabilities	16	98,405	122,861
Current tax liabilities		745,784	77,339
Bank borrowing	18	1,666,668	–
		60,046,100	42,392,939
TOTAL LIABILITIES		68,441,021	42,554,483
TOTAL EQUITY AND LIABILITIES		153,970,165	118,498,382

STATEMENTS OF FINANCIAL POSITION
(cont'd)

	Note	Company 2023 RM	Company 2022 RM Restated
ASSETS			
Non-Current Asset			
Investment in subsidiary companies	22	86,334,062	57,355,054
Current Assets			
Other investments	12	2,014,153	1,934,256
Cash and bank balances		2,538,606	3,229,871
		4,552,759	5,164,127
TOTAL ASSETS		90,886,821	62,519,181
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	134,983,258	107,712,234
Reserves	15	(46,252,028)	(45,486,954)
TOTAL EQUITY		88,731,230	62,225,280
LIABILITIES			
Current Liabilities			
Other payables	20	105,491	143,801
Amounts owing to subsidiary companies	23	2,050,100	150,100
		2,155,591	293,901
TOTAL EQUITY AND LIABILITIES		90,886,821	62,519,181

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 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	24	114,354,810	73,227,340	–	–
Cost of sales		(89,979,643)	(65,650,573)	–	–
Gross profit		24,375,167	7,576,767	–	–
Other operating income		720,951	1,386,550	138,805	43,628
Administrative expenses		(6,329,475)	(4,898,583)	(903,877)	(475,973)
Other operating expenses		(317,092)	(863,904)	(2)	(766,159)
Finance costs	25	(156,583)	(25,944)	–	–
Profit/(Loss) from operations		18,292,968	3,174,886	(765,074)	(1,198,504)
Share of results of joint ventures	5	–	–	–	–
Profit/(Loss) before taxation	26	18,292,968	3,174,886	(765,074)	(1,198,504)
Taxation	27	(3,133,935)	(1,243,906)	–	–
Profit/(Loss) for the financial year		15,159,033	1,930,980	(765,074)	(1,198,504)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations		55,188	60,620	–	–
Total comprehensive income/(loss) for the financial year		15,214,221	1,991,600	(765,074)	(1,198,504)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(cont'd)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Profit/(loss) for the financial year attributable to:					
- Owners of the Company		11,874,725	493,591	(765,074)	(1,198,504)
- Non-controlling interests		3,284,308	1,437,389	–	–
		15,159,033	1,930,980	(765,074)	(1,198,504)
Total comprehensive income/(loss) attributable to:					
- Owners of the Company		11,929,913	554,211	(765,074)	(1,198,504)
- Non-controlling interests		3,284,308	1,437,389	–	–
		15,214,221	1,991,600	(765,074)	(1,198,504)
Earnings per share attributable to owners of the Company (sen)					
- Basic and diluted	28	1.20	0.06		

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

Statements of Changes in Equity

For the financial year ended 31 December 2023

Group	Note	Share Capital RM	Capital Reserve RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
		← Attributable to Owners of the Company →						
		← Non-distributable →						
At 1 January 2023		107,712,234	17,567,825	3,829,460	(60,875,105)	68,234,414	7,709,485	75,943,899
Issuance of shares from private placements	14	27,271,024	–	–	–	27,271,024	–	27,271,024
Acquisition of additional interest in subsidiary companies	22(d), 22(e)	–	–	–	(21,906,207)	(21,906,207)	(10,993,793)	(32,900,000)
Profit for the financial year		–	–	–	11,874,725	11,874,725	3,284,308	15,159,033
Other comprehensive income:								
- Exchange differences arising from translation of foreign operations		–	–	55,188	–	55,188	–	55,188
Total comprehensive income for the financial year		–	–	55,188	11,874,725	11,929,913	3,284,308	15,214,221
At 31 December 2023		134,983,258	17,567,825	3,884,648	(70,906,587)	85,529,144	–	85,529,144
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

STATEMENTS OF CHANGES IN EQUITY
(cont'd)

Company	Note	Share Capital RM	Capital Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 January 2023		107,712,234	17,567,825	(63,054,779)	62,225,280
Issuance of shares from private placements	14	27,271,024	–	–	27,271,024
Loss/Total comprehensive loss for the financial year		–	–	(765,074)	(765,074)
At 31 December 2023		134,983,258	17,567,825	(63,819,853)	88,731,230
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

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

Statements of Cash Flows

For the financial year ended 31 December 2023

	Note	Group 2023 RM	Group 2022 RM Restated	Company 2023 RM	Company 2022 RM Restated
Cash Flows From Operating Activities					
Profit/(Loss) before taxation		18,292,968	3,174,886	(765,074)	(1,198,504)
Adjustments for:					
Amortisation of contract cost assets		1,661,927	84,446	–	–
Depreciation of property, plant and equipment		140,058	246,974	–	–
Depreciation of right-of-use assets		22,081	22,081	–	–
Fair value change on financial assets at fair value through profit and loss		(277,459)	(179,352)	(81,550)	(31,904)
Impairment loss/(Reversal of impairment loss) on:					
- contract assets		38,870	(776,665)	–	–
- trade receivables		278,222	297,167	–	–
- other receivables		–	156,412	–	–
- investment in subsidiary companies		–	–	–	766,159
Interest expenses		156,583	25,944	–	–
Interest income		(198,908)	(5,045)	–	–
Write off of investment in a subsidiary company		–	–	2	–
Operating profit/(loss) before changes in working capital		20,114,342	3,046,848	(846,622)	(464,249)
Changes in working capital:					
Contract assets/contract liabilities		(17,002,879)	(7,831,623)	–	–
Contract cost assets		(983,036)	(1,170,879)	–	–
Inventories		7,238,376	(23,822,534)	–	–
Trade and other receivables		(13,101,643)	2,960,862	–	–
Trade and other payables		18,729,990	23,953,225	(38,310)	(183,940)
Amount owing to non–controlling interests		(1,950,000)	(450,000)	–	–
Amounts owing by/to subsidiary companies		–	–	5,820,990	5,709,852
		(7,069,192)	(6,360,949)	5,782,680	5,525,912
Cash generated from/(used in) operations		13,045,150	(3,314,101)	4,936,058	5,061,663
Interest received		198,908	5,045	–	–
Interest paid		(156,583)	(25,944)	–	–
Tax paid		(2,799,758)	(2,664,367)	–	–
		(2,757,433)	(2,685,266)	–	–
Net cash generated from/(used in) operating activities		10,287,717	(5,999,367)	4,936,058	5,061,663

STATEMENTS OF CHANGES IN EQUITY
(cont'd)

	Note	Group 2023 RM	Group 2022 RM Restated	Company 2023 RM	Company 2022 RM Restated
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	3	(29,526)	(114,918)	–	–
Purchase of land held for development	8	(9,471,573)	(1,313,631)	–	–
Acquisition of additional interest in subsidiary companies	22(d), 22(e)	–	–	(26,400,000)	–
Net changes in other investments		4,511,554	(1,902,239)	1,653	(1,902,352)
Net cash used in investing activities		(4,989,545)	(3,330,788)	(26,398,347)	(1,902,352)
Cash Flows From Financing Activities					
Proceeds from issuance of shares	14(a)	20,771,024	–	20,771,024	–
Acquisition of additional interest in subsidiary companies	22(d), 22(e)	(26,400,000)	–	–	–
Increase in fixed deposit pledged		(1,268,000)	(1,000,000)	–	–
Drawdown of bank borrowing	31	10,000,000	–	–	–
Repayment of lease liabilities	31	(122,860)	(131,258)	–	–
Net cash generated from/ (used in) financing activities		2,980,164	(1,131,258)	20,771,024	–
Net increase/(decrease) in cash and cash equivalents		8,278,336	(10,461,413)	(691,265)	3,159,311
Cash and cash equivalents at the beginning of the financial year		12,109,412	22,570,825	3,229,871	70,560
Cash and cash equivalents at the end of the financial year		20,387,748	12,109,412	2,538,606	3,229,871
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		20,387,748	12,109,412	2,538,606	3,229,871
Fixed deposit with a licensed bank		2,268,000	1,000,000	–	–
Less: Fixed deposit pledged with a licensed bank		(2,268,000)	(1,000,000)	–	–
		20,387,748	12,109,412	2,538,606	3,229,871

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 22 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 registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur.

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

2. BASIS OF PREPARATION AND MATERIAL 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 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 material 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.

Accounting standard and amendments to accounting standards that are effective for the Group's and the Company's financial year beginning on or after 1 January 2023 are as follows:

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts" (Initial application of MFRS 17 and MFRS 9 - Comparative Information)
- 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)

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

2.1 Basis of preparation (Cont'd)

The above accounting standard and 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.

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 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)
- Amendment to MFRS 107, "Statement of Cash Flows" and MFRS 7, "Financial Instruments" (Supplier Financing Arrangements)

Annual periods beginning on/after 1 January 2025

- Amendments to MFRS 121, "The Effects of Changes in Foreign Exchange Rates" (Lack of Exchangeability)

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

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

The above 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:

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

2.2 Significant accounting estimates and judgements (Cont'd)

(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; and
- the extent of the costs incurred.

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

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

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

(c) Impairment of goodwill

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

(d) Impairment of non-financial assets

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

2.3 Basis of consolidation

(a) Subsidiary companies

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

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.

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

2.3 Basis of consolidation (Cont'd)

(a) Subsidiary companies (Cont'd)

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

2.3 Basis of consolidation (Cont'd)

(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.

2.5 Material 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.

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

2.5 Material accounting policies (Cont'd)

(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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.5 Material 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; 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.

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

2.5 Material accounting policies (Cont'd)

(d) Financial assets (Cont'd)

(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.

(iii) Subsequent measurement

<u>Debt instruments</u>

Debt instruments mainly comprise of cash and cash equivalents, trade receivables, other receivables and other investments.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- <u>Amortised cost</u>

  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.

- <u>FVTPL</u>

  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.

(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.

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

2.5 Material accounting policies (Cont'd)

(d) Financial assets (Cont'd)

(iv) Impairment (Cont'd)

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.

(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.

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

2.5 Material accounting policies (Cont'd)

(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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

2.5 Material 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 foreign exchange 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 foreign exchange 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.

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

2.5 Material accounting policies (Cont'd)

(k) Foreign currencies (Cont'd)

(ii) Foreign operations (Cont'd)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.5 Material accounting policies (Cont'd)

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

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

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

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

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

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

(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.

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

2.5 Material accounting policies (Cont'd)

(n) Current and deferred income tax (Cont'd)

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

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

(o) Operating segments

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

(p) Revenue and income recognition

(i) Revenue from contracts with customers

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

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

<u>Construction contracts and property development</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

2.5 Material accounting policies (Cont'd)

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

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

Construction contracts and property development (Cont'd)

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

(ii) Other revenue and income

Revenue and income from other sources are recognised as follows:

Interest income

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

(q) Employee benefits

(i) Short-term employee benefits

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

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

(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.

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

2.5 Material accounting policies (Cont'd)

(r) Goodwill (Cont'd)

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

(i) 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.

(ii) Land held for development

Land held for property development where development activities are not expected to be completed within the normal operating cycle, is classified as non-current and carried at the lower of cost and net realisable value.

The cost includes cost of land and development costs common to the whole project.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

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
2023					
Cost					
At 1 January 2023	110,852	1,048,969	445,908	606,532	2,212,261
Additions	3,800	–	16,976	8,750	29,526
At 31 December 2023	114,652	1,048,969	462,884	615,282	2,241,787
Accumulated depreciation					
At 1 January 2023	110,851	848,835	367,335	570,384	1,897,405
Charge for the financial year	570	108,187	20,641	10,660	140,058
At 31 December 2023	111,421	957,022	387,976	581,044	2,037,463
Carrying amount					
At 31 December 2023	3,231	91,947	74,908	34,238	204,324
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

Included in property, plant and equipment of the Group are motor vehicles acquired under hire purchase financing with carrying amount of RM91,947 (2022: RM200,134).

4. RIGHT-OF-USE ASSETS

	Group	
	2023 RM	2022 RM
Cost		
At 1 January	66,244	–
Additions	–	66,244
At 31 December	66,244	66,244
Accumulated depreciation		
At 1 January	22,081	–
Charge for the financial year	22,081	22,081
At 31 December	44,162	22,081
Carrying amount	22,082	44,163

5. INVESTMENT IN JOINT VENTURES

	Group	
	2023 RM	2022 RM
At 1 January	1,229,959	1,168,503
Foreign exchange differences	55,950	61,456
At 31 December	1,285,909	1,229,959

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. INVESTMENT IN JOINT VENTURES (CONT'D)

(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 2023 %	2022 %	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 2023 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 2023 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	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Current assets	7,633,683	7,301,546	988,403	945,398	8,622,086	8,246,944
Current liabilities	(2,490,050)	(2,381,709)	(1,257,325)	(1,202,619)	(3,747,375)	(3,584,328)
Net assets/(liabilities)	5,143,633	4,919,837	(268,922)	(257,221)	4,874,711	4,662,616
Included in net assets are as follows:						
Cash and cash equivalent	491,586	470,197	3,523	3,370	495,109	473,567
Current financial liabilities (excluding trade payables)	(14,036)	(13,426)	(157,322)	(150,477)	(171,358)	(163,903)

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

There has been no movement in the statement of profit or loss and comprehensive income for the joint ventures in both the current and preceding financial years.

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	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Net assets/(liabilities)						
At 1 January	4,919,837	4,674,013	(257,221)	(244,369)	4,662,616	4,429,644
Loss/Total comprehensive loss for the financial year	–	–	–	–	–	–
Foreign exchange differences	223,796	245,824	(11,701)	(12,852)	212,095	232,972
At 31 December	5,143,633	4,919,837	(268,922)	(257,221)	4,874,711	4,662,616
Interest in joint venture (25%; 30%)	1,285,909	1,229,959	–*	–*	1,285,909	1,229,959

* The Group has not recognised its share of loss during the financial year in the joint venture of IJM-LFE amounting to RM3,511 (2022: RM3,855) 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 RM80,677 (2022: RM77,166).

6. GOODWILL ON CONSOLIDATION

	Group 2023 RM	2022 RM
At 1 January/31 December	23,183,935	23,183,935

The goodwill arises from the acquisition of a subsidiary company, Cosmo Property Management Sdn. Bhd. ("COSMO"). 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 (2022: three-year period). Cash flows beyond the three-year period (2022: 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:

	2023	2022
Gross profit margin	4.0%-12.0%	4.5%-10.0%
Terminal growth rate	0.0%	0.0%
Pre-tax discount rate	12.9%	11.3%

7. CONTRACT ASSETS/(CONTRACT LIABILITIES)

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

	Note	Group 2023 RM	2022 RM
Contract assets			
Construction activities:			
- Amount due from contract customers	(a)	4,454,344	10,883,396
- Accrued billings	(b)	18,464,201	4,604,870
Less: Accumulated impairment losses	33	(4,643,740)	(4,604,870)
		13,820,461	–
Property development contracts	(c)	9,016,476	882,124
		27,291,281	11,765,520
Contract liabilities			
Construction activities:			
- Amount due to contract customers	(a)	(106,816)	(1,545,064)
		27,184,465	10,220,456

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

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

	Group 2023 RM	Group 2022 RM
Contract costs incurred to date	147,788,245	120,449,106
Add: Attributable profits	21,342,511	23,632,028
	169,130,756	144,081,134
Less: Progress billings	(164,783,228)	(134,742,802)
	4,347,528	9,338,332
Represented by:		
Amount due from contract customers	4,454,344	10,883,396
Amount due to contract customers	(106,816)	(1,545,064)
	4,347,528	9,338,332

(b) Accrued billings

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

(c) Property development contracts

	Group 2023 RM	Group 2022 RM
At 1 January	882,124	–
Revenue recognised during the financial year	49,553,922	7,685,852
Less: Progress billing during the financial year	(41,419,570)	(6,803,728)
At 31 December	9,016,476	882,124

Property development contracts represent 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.

(d) 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 RM331,868,750 (2022: RM268,598,573) which will be recognised as revenue when the relevant projects are completed, which are expected to occur over the next 25 months (2022: 24 months).

8. INVENTORIES

(a) Land held for development

	Note	Group 2023 RM	Group 2022 RM Restated
Non-current			
At 1 January			
Freehold land costs		1,300,000	–
Development costs		13,631	–
		1,313,631	–
Costs incurred during the financial year			
Freehold land costs		7,665,861	1,300,000
Development costs		1,805,712	13,631
		9,471,573	1,313,631
At 31 December		10,785,204	1,313,631
Represented by:			
Freehold land costs		8,965,861	1,300,000
Development costs		1,819,343	13,631
		10,785,204	1,313,631

The land held for development is in relation to the joint venture development agreement for the Taman Residensi Mesra Phase 4 housing development project and the land acquisition for the Taman Residensi Mesra Phase 3 housing development project.

(b) Property development costs

	Group 2023 RM	Group 2022 RM
Current		
At 1 January		
Freehold land costs	23,131,712	–
Development costs	7,319,699	352,440
	30,451,411	352,440
Costs incurred during the financial year		
Freehold land costs	1,848,291	23,131,712
Development costs	31,504,132	6,967,259
	33,352,423	30,098,971

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVENTORIES (CONT'D)

(b) Property development costs (Cont'd)

	Group 2023 RM	Group 2022 RM
Accumulated costs recognised in profit or loss		
At beginning of the financial year	(6,276,437)	–
Recognised during the financial year	(40,590,799)	(6,276,437)
At end of the financial year	(46,867,236)	(6,276,437)
At 31 December	16,936,598	24,174,974
Represented by:		
Freehold land costs	24,980,003	23,131,712
Development costs	38,823,831	7,319,699
Accumulated costs recognised in profit or loss	(46,867,236)	(6,276,437)
At 31 December	16,936,598	24,174,974

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

9. TRADE RECEIVABLES

	Group 2023 RM	Group 2022 RM
Trade receivables	26,857,860	21,453,129
Retention sum receivables	10,979,255	7,705,404
	37,837,115	29,158,533
Less: Accumulated impairment losses (Note 33)	(8,568,530)	(8,290,308)
	29,268,585	20,868,225

The Group's normal trade credit terms range from 60 to 90 days (2022: 60 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables of the Group consist of amount owing to related parties in which a Director of the Company has interest amounting to RM13,285,727 (2022: RMNil).

10. OTHER RECEIVABLES

	Note	Group 2023 RM	2022 RM
Other receivables	(a)	5,167,491	2,064,769
Deposits	(b)	4,310,919	3,979,380
Performance bond	(c)	5,471,000	4,500,000
Prepayments		20,635	29,392
		14,970,045	10,573,541
Less: Accumulated impairment losses	33	(1,163,427)	(1,189,984)
		13,806,618	9,383,557

(a) Included in other receivables of the Group is an amount of RM2,153,580 (2022: RMNil) being the infrastructure construction cost recoverable from the land owner based on a joint venture agreement.

(b) The Group's deposits include:

(i) RMNil (2022: RM2,000,000) being deposit paid for the joint venture development agreement for the Taman Residensi Mesra Phase 4 housing development project.

(ii) RM1,500,000 (2022: RM1,500,000) being deposit paid for the project management agreement for the project located at Junjong, Kedah as disclosed in Note 36(c).

(iii) RM1,410,069 (2022: RMNil) being deposit paid for the purchase of eighty-four (84) pieces of freehold terrace land next to the Taman Residensi Mesra Phase 2 housing development project as disclosed in Note 36(b)(i).

(iv) RM943,164 (2022: RMNil) being deposit paid for the purchase of seventy-one (71) pieces of freehold terrace land next to the Taman Residensi Mesra Phase 2 housing development project as disclosed in Note 36(b)(ii).

(c) Performance bond of the Group is an amount of RM5,471,000 (2022: RM4,500,000) being performance bond paid for the on-going project located at Ara Damansara, Selangor which is expected to complete on January 2026.

11. CONTRACT COST ASSETS

	Group 2023 RM	2022 RM
At 1 January	1,086,433	–
Additions during the financial year	983,036	1,170,879
Amortisation during the financial year	(1,661,927)	(84,446)
At 31 December	407,542	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, agent fees and professional fee in conducting the sales.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

12. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM Restated	2023 RM	2022 RM Restated
Cash deposit funds	7,533,346	11,767,441	2,014,153	1,934,256

13. FIXED DEPOSIT WITH A LICENSED BANK

The Group's fixed deposit amounting to RM2,268,000 (2022: RM1,000,000) which is pledged to a licensed bank for financing facility as disclosed in Note 18.

The Group's fixed deposit interest rates and maturity of deposit at the reporting date range from 1.80% to 2.50% (2022: 1.80%) per annum and 12 months (2022: 12 months) respectively.

14. SHARE CAPITAL

		Group/Company			
		Number of ordinary shares		Amount	
	Note	2023 Units	2022 Units	2023 RM	2022 RM
Issued and fully paid					
At 1 January		801,351,235	801,351,235	107,712,234	107,712,234
Issuance of shares:					
- Private placement I	(a)	240,405,370	–	20,771,024	–
- Private placement II	(b)	66,872,427	–	6,500,000	–
At 31 December		1,108,629,032	801,351,235	134,983,258	107,712,234

During the financial year, the Company increased its total issued and paid up share capital from RM107,712,234 to RM134,983,258 via:

(a) Private placement I

During the financial year, the Company issued 240,405,370 ordinary shares of RM0.0864 per share via private placement I. The purpose of issuance of shares are to:

(i) partially settle the cash consideration for the acquisition of 49% of COSMO as disclosed in Note 22(d);
(ii) finance existing operations and projects as well as any new projects to be secured in the future over the short term; and
(iii) pay for the estimated expenses in relation to the corporate exercise.

(b) Private placement II

During the financial year, the Company issued 66,872,427 new ordinary shares of RM0.0972 per share via private placement II to acquire additional interest in COSMO as disclosed in Note 22(d).

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

15. RESERVES

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Capital reserve	(a)	17,567,825	17,567,825	17,567,825	17,567,825
Foreign exchange translation reserve	(b)	3,884,648	3,829,460	–	–
Accumulated losses		(70,906,587)	(60,875,105)	(63,819,853)	(63,054,779)
		(49,454,114)	(39,477,820)	(46,252,028)	(45,486,954)

(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.

16. LEASE LIABILITIES

	Group 2023 RM	Group 2022 RM
Repayable within twelve months	98,405	122,861
Repayable after twelve months	51,746	150,150
	150,151	273,011

The effective interest rate ranges from 3.78% to 5.49% (2022: 3.78% to 5.49%) per annum.

17. DEFERRED TAX LIABILITY

The analysis of deferred tax liability is as follow:

	Group 2023 RM	Group 2022 RM
At 1 January	11,394	7,812
(Credited)/Charged to profit or loss (Note 27)	(1,551)	3,582
At 31 December	9,843	11,394

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

17. DEFERRED TAX LIABILITY (CONT'D)

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

	Group 2023 RM	Group 2022 RM
Deferred tax asset:		
- Provisions	(293)	(288)
Offsetting	293	288
Net deferred tax asset	–	–
Deferred tax liability:		
- Property, plant and equipment	10,136	11,682
Offsetting	(293)	(288)
Net deferred tax liability	9,843	11,394

18. BANK BORROWING

	Group 2023 RM	Group 2022 RM
Repayable within twelve months	1,666,668	–
Repayable after twelve months	8,333,332	–
	10,000,000	–

The effective interest rate is 5.55% (2022: Nil%) per annum.

The Group's bank borrowing is secured by way of:

(a) Pledged fixed deposit amounting to RM2,268,000 as disclosed in Note 13;

(b) Third party legal charge over certain properties belonging to third parties;

(c) Corporate guarantee by the Company; and

(d) Personal guarantee by a Director of the Company.

The fixed deposit amounting to RM1,000,000 as disclosed in Note 13 was pledged for the financing facility entered into the previous financial year.

In the current financial year, the disbursement conditions were satisfied and the facility was disbursed.

19. TRADE PAYABLES

	Group	
	2023 RM	2022 RM
Trade payables	41,057,451	25,154,530
Retention sums payables	11,182,720	7,557,381
Accrued construction costs	–	507,822
	52,240,171	33,219,733

The normal trade credit term granted to the Group is 60 days (2022: 60 days).

Included in trade payables of the Group is an amount of RM14,794,151 (2022: RM 17,112,545) being accrued land cost for the Taman Residensi Mesra Phase 2 housing development project.

20. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	3,245,935	4,105,179	71,206	87,816
Accruals	1,942,321	1,372,763	34,285	55,985
	5,188,256	5,477,942	105,491	143,801

Included in other payables of the Group is an amount of RMNil (2022: RM1,420,000) owing to a Director.

21. 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)

22. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company 2023 RM	2022 RM
Unquoted shares, at cost	127,468,723	94,744,805
Less: Accumulated impairment losses	(81,339,920)	(81,516,000)
	46,128,803	13,228,805
Advance to a subsidiary company treated as quasi-investment	40,205,259	44,126,249
	86,334,062	57,355,054

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 companies.

The movement of the impairment losses are as follows:

	Company 2023 RM	2022 RM
At 1 January	81,516,000	80,749,841
Charge during the financial year	–	766,159
Written off	(176,080)	–
At 31 December	81,339,920	81,516,000

(b) 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 (2022: three-year period). Cash flows beyond the three-year period (2022: 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:

	2023	2022
Gross profit margin	4.0% - 12.0%	4.5% - 10.0%
Terminal growth rate	0.0%	0.0%
Pre-tax discount rate	12.9%	11.3%

22. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of companies	Country of incorporation and place of business	Effective ownership and voting interest 2023 %	2022 %	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	Property investment
Lynex Construction Sdn. Bhd.	Malaysia	–	100	General contractors
LFE Technology Sdn. Bhd.	Malaysia	–	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	100	60	Property development and construction
Cosmo Property Management Sdn. Bhd. ("COSMO")	Malaysia	100	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)

22. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Acquisition of additional interest in COSMO

On 26 May 2023, the Company entered into a share sale agreement with Resolute Accomplishment Sdn. Bhd., for the acquisition of 367,500 ordinary shares, representing the remaining 49% interest in COSMO for a purchase consideration of RM29,400,000 to be satisfied in cash of RM22,900,000 and issuance of 66,872,427 of new ordinary shares at an issue price of RM0.0972 each. COSMO became a wholly-owned subsidiary company.

	RM
Cash consideration	22,900,000
Issuance of ordinary shares (Note 14(b))	6,500,000
Purchase consideration	29,400,000
Less: Carrying amount of non-controlling interest	(7,521,278)
Excess of consideration paid recognised in accumulated losses	21,878,722

(e) Acquisition of additional interest in LFED

On 22 September 2023, the Company entered into a conditional share sale agreement with Patrick Heng Jin Wei, for the acquisition of 100,000 ordinary shares, representing the remaining 40% interest in LFED for a purchase consideration of RM3,500,000 to be satisfied in cash. On 9 October 2023, the Company has fulfilled the condition precedents and LFED became a wholly-owned subsidiary company.

	RM
Cash consideration	3,500,000
Less: Carrying amount of non-controlling interest	(3,472,515)
Excess of consideration paid recognised in accumulated losses	27,485

(f) Strike off of subsidiary companies

During the financial year, Lynex Construction Sdn. Bhd., LFE Technology Sdn. Bhd. and LFE Builder Sdn. Bhd. were struck off from the Register of the Companies Commission of Malaysia under Section 551(1) of the Companies Act, 2016 ("the Act") and these subsidiary companies were duly dissolved under the Act. The dissolution did not have a material financial impact on the Group for the financial year ended 31 December 2023.

22. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

There are no material non-controlling interests within the Group. During the financial year, the Company acquired the remaining interests in COSMO and LFED, thereby making them wholly-owned subsidiary companies of the Company.

Set out below are the comparative 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 2022 RM	LFED 2022 RM
Current		
Assets	37,802,672	37,593,355
Liabilities	(22,225,954)	(37,133,568)
Total net current assets	15,576,718	459,787
Non-current		
Assets	233,011	103,326
Liabilities	(135,774)	(25,770)
Total net non-current assets	97,237	77,556
Net assets	15,673,955	537,343

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

	COSMO 2022 RM	LFED 2022 RM
Revenue	53,883,482	5,391,977
Profit before taxation	4,234,563	376,186
Taxation	(1,164,098)	(79,808)
Profit after taxation	3,070,465	296,378
Other comprehensive income	–	–
Total comprehensive income	3,070,465	296,378
Total comprehensive income allocated to non-controlling interest	1,504,528	118,551
Percentage hold by non-controlling interest	49%	40%

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

(iii) Summarised statement of cash flows

	COSMO 2022 RM	LFED 2022 RM
Net cash generated from operating activities	2,349,450	3,382,935
Net cash used in investing activities	(33,244)	(70,765)
Net cash used in financing activities	(110,375)	(1,020,883)
Net increase in cash and cash equivalents	2,205,831	2,291,287

23. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

	Company 2023 RM	Company 2022 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	(2,050,100)	(150,100)

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

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. REVENUE

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

	Group	
	2023 **RM**	**2022** **RM**
Major goods and services		
Construction contracts	64,800,888	65,541,488
Property development	49,553,922	7,685,852
	114,354,810	73,227,340
Geographical market		
Malaysia	114,354,810	73,227,340
Timing of revenue recognition		
Over time	114,354,810	73,227,340

25. FINANCE COSTS

	Group	
	2023 **RM**	**2022** **RM**
Interest expense on:		
- Lease liabilities	9,307	15,526
- Bank borrowing	147,276	–
- Other advances	–	10,418
	156,583	25,944

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

26. PROFIT/(LOSS) BEFORE TAXATION

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
- Statutory	145,000	140,000	43,000	42,000
- Non-statutory	5,000	45,000	5,000	45,000
Amortisation of contract cost assets	1,661,927	84,446	–	–
Depreciation of property, plant and equipment	140,058	246,974	–	–
Depreciation of right-of-use assets	22,081	22,081	–	–
Fair value change on financial assets at fair value through profit and loss	(277,459)	(179,352)	(81,550)	(31,904)
Interest income	(198,908)	(5,045)	–	–
Impairment loss/(Reversal of impairment loss) on:				
- contract assets	38,870	(776,665)	–	–
- trade receivables	278,222	297,167	–	–
- other receivables	–	156,412	–	–
- investment in subsidiary companies	–	–	–	766,159
Rental of assets:				
- Short-term leases	2,568	1,976	–	–
Write off of investment in a subsidiary company	–	–	2	–

27. TAXATION

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Current taxation:				
- Current year	3,130,836	1,303,783	–	–
- Under/(Over) provision in prior years	4,650	(63,459)	–	–
	3,135,486	1,240,324	–	–
Deferred taxation: (Note 17)				
- Origination and reversal of temporary differences	(2,432)	4,821	–	–
- Under/(Over) provision in prior year	881	(1,239)	–	–
	(1,551)	3,582	–	–
Taxation for the financial year	3,133,935	1,243,906	–	–

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Profit/(Loss) before taxation	18,292,968	3,174,886	(765,074)	(1,198,504)
Share of results of joint ventures, net of tax	–	–	–	–
Profit/(Loss) before taxation and share of results of joint ventures	18,292,968	3,174,886	(765,074)	(1,198,504)
Taxation at statutory tax rate of 24% (2022: 24%)	4,390,312	761,973	(183,618)	(287,641)
Expenses not deductible for tax purposes	230,630	433,435	183,618	287,641
Deferred tax assets not recognised	–	113,196	–	–
Under/(Over) provision of current taxation in prior years	4,650	(63,459)	–	–
Under/(Over) provision of deferred taxation in prior year	881	(1,239)	–	–
Utilisation of deferred taxes not recognised in prior years	(1,492,538)	–	–	–
Taxation for financial year	3,133,935	1,243,906	–	–

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

27. TAXATION (CONT'D)

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

	Group 2023 RM	Group 2022 RM
Provisions	12,884,970	12,884,970
Property, plant and equipment	(1,753)	12,720
Unutilised tax losses	36,674,242	42,822,248
Unabsorbed capital allowances	–	56,429
	49,557,459	55,776,367
Deferred tax assets not recognised at 24% (2022: 24%)	11,893,790	13,386,328

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.

28. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group 2023 RM	Group 2022 RM
Profit for the financial year attributable to owners of the Company	11,874,725	493,591
Weighted average number of ordinary shares in issue	986,559,770	801,351,235
Basic earnings per share (sen)	1.20	0.06

(b) Diluted earnings per share

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

29. STAFF COSTS

	Group	
	2023 RM	2022 RM
Staff costs (excluding Directors)	1,056,083	1,149,385

Included in the staff costs above are contributions made to Employees Provident Fund under a defined contribution plan for the Group amounting to RM114,244 (2022: RM105,929).

30. 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.

The significant related party transaction carried out by the Group is as follows:

	Group	
	2023 RM	2022 RM
Related party		
Revenue from construction activity by a company in which a Director of the Company has interest by way of shares held and shares common Director	19,930,377	–

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.

Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' remuneration:				
- Directors' fees	68,500	100,000	68,500	100,000
- Salaries and other emoluments	647,000	742,500	–	–
- Defined contribution plan	75,880	75,540	–	–
- Other benefits	115,038	112,743	39,500	36,500
	906,418	1,030,783	108,000	136,500

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

31. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities:

	Lease liabilities RM	Bank borrowing RM	Total RM
At 1 January 2023	273,011	–	273,011
Net cash flows in financing activities	(122,860)	10,000,000	9,877,140
At 31 December 2023	150,151	10,000,000	10,150,151
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

32. 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
Others	:	Investment holding and 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.

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

32. SEGMENT INFORMATION (CONT'D)

(a) Business segment (Cont'd)

	Construction, mechanical and electrical RM	Property development RM	Others RM	Total RM
2023				
Revenue:				
Total operating revenue	94,772,940	49,553,922	–	144,326,862
Inter segment	(29,972,052)	–	–	(29,972,052)
External operating revenue	64,800,888	49,553,922	–	114,354,810
Results:				
Adjusted EBITDA*	12,297,770	8,728,647	(912,075)	20,114,342
Amortisation of contract cost assets	–	(1,661,927)	–	(1,661,927)
Depreciation of property, plant and equipment	(125,443)	(14,615)	–	(140,058)
Depreciation of right-of-use assets	–	(22,081)	–	(22,081)
Fair value change on financial assets at fair value through profit and loss	195,909	–	81,550	277,459
Impairment loss on contract assets	(38,870)	–	–	(38,870)
Impairment loss on trade receivables	(278,222)	–	–	(278,222)
Interest income	–	198,908	–	198,908
Interest expenses	(7,366)	(149,217)	–	(156,583)
Profit/(Loss) before taxation	12,043,778	7,079,715	(830,525)	18,292,968
Taxation	(1,165,194)	(1,968,741)	–	(3,133,935)
Profit/(Loss) after taxation	10,878,584	5,110,974	(830,525)	15,159,033

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. SEGMENT INFORMATION (CONT'D)

(a) Business segment (Cont'd)

	Construction, mechanical and electrical RM	Property development RM	Others RM	Total RM
2023				
Assets				
Segment assets	90,665,636	58,701,734	4,602,795	153,970,165
Include:				
Goodwill on a consolidation	23,183,935	–	–	23,183,935
Investment in joint ventures	–	–	1,285,909	1,285,909
Liabilities				
Segment liabilities	40,889,796	27,441,248	109,977	68,441,021
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	65,541,488	7,685,852	–	73,227,340
Results:				
Adjusted EBITDA*	2,382,476	1,155,265	(490,893)	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)
Fair value change on financial assets at fair value through profit and loss	147,448	–	31,904	179,352
Impairment loss on trade receivables	(297,167)	–	–	(297,167)
Impairment loss on other receivables	(156,412)	–	–	(156,412)
Interest income	–	5,045	–	5,045
Interest expenses	(22,827)	(3,117)	–	(25,944)
Reversal of impairment loss on contract assets	776,665	–	–	776,665
Profit/(Loss) before taxation	2,594,811	1,039,064	(458,989)	3,174,886
Taxation	(1,164,098)	(79,808)	–	(1,243,906)
Profit/(Loss) after taxation	1,430,713	959,256	(458,989)	1,930,980

32. SEGMENT INFORMATION (CONT'D)

(a) Business segment (Cont'd)

	Construction, mechanical and electrical RM	Property development RM	Others RM	Total RM
2022				
Assets				
Segment assets	75,455,463	37,828,691	5,214,228	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	162,056	42,554,483

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

(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	Others RM	Total RM
2023			
Revenue	114,354,810	–	114,354,810
Non-current assets	34,195,545	1,285,909	35,481,454
2022			
Revenue	73,227,340	–	73,227,340
Non-current assets	24,856,585	1,229,959	26,086,544

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. SEGMENT INFORMATION (CONT'D)

(c) Major customers

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

	Segment	Group 2023 RM	2022 RM
Customer A	Construction, mechanical and electrical	–	13,572,441
Customer B	Construction, mechanical and electrical	–	19,456,658
Customer C	Construction, mechanical and electrical	14,441,770	17,273,987
Customer D	Construction, mechanical and electrical	–	10,317,779
Customer E	Construction, mechanical and electrical	42,160,939	–

33. 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:

	2023 RM	2022 RM Restated
Group		
Financial assets at amortised cost		
Trade receivables	29,268,585	20,868,225
Other receivables	13,785,983	9,354,165
Fixed deposit with a licensed bank	2,268,000	1,000,000
Cash and bank balances	20,387,748	12,109,412
	65,710,316	43,331,802
Financial assets at fair value through profit or loss		
Other investments	7,533,346	11,767,441
Financial liabilities at amortised cost		
Trade payables	52,240,171	33,219,733
Other payables	5,188,256	5,477,942
Amount owing to a non-controlling interest	–	1,950,000
Lease liabilities	150,151	273,011
Bank borrowing	10,000,000	–
	67,578,578	40,920,686

33. FINANCIAL INSTRUMENTS (CONT'D)

	2023 RM	2022 RM Restated
Company		
Financial assets at amortised cost		
Cash and bank balances	2,538,606	3,229,871
Financial assets at fair value through profit or loss		
Other investment	2,014,153	1,934,256
Financial liabilities at amortised cost		
Other payables	105,491	143,801
Amounts owing to subsidiary companies	2,050,100	150,100
	2,155,591	293,901

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

Credit risk (Cont'd)

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:		
- Between 1 to 180 days	5,350,526	6,048,880
- Between 181 to 365 days	6,966,051	1,174,878
More than 365 days past due	407,723	180,000
	12,724,300	7,403,758
Individually impaired	11,721,543	11,721,543
	56,301,316	33,763,403

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 RM12,724,300 (2022: RM7,403,758) 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 (2022: RM11,721,543) respectively were individually impaired.

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

33. 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				
2023				
At 1 January	8,290,308	4,604,870	1,189,984	14,085,162
Charge during the financial year	278,222	38,870	–	317,092
Written off	–	–	(26,557)	(26,557)
At 31 December	8,568,530	4,643,740	1,163,427	14,375,697
Represented by:				
Individually impaired	7,116,673	4,604,870	1,163,427	12,884,970
Lifetime expected credit loss impairment	1,451,857	38,870	–	1,490,727
Total	8,568,530	4,643,740	1,163,427	14,375,697
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

33. 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, lease liabilities and bank borrowing.

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	Between 2 to 5 years RM
Group						
2023						
Trade payables	52,240,171	–	52,240,171	52,240,171	–	–
Other payables	5,188,256	–	5,188,256	5,188,256	–	–
Lease liabilities	150,151	3.78 - 5.49	155,330	102,816	52,514	–
Bank borrowing	10,000,000	5.55	10,953,067	2,214,095	5,336,376	3,402,596
	67,578,578		68,536,824	59,745,338	5,388,890	3,402,596

33. 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
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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM
Company				
2023				
Other payables	105,491	–	105,491	105,491
Amounts due to subsidiary companies	2,050,100	–	2,050,100	2,050,100
	2,155,591		2,155,591	2,155,591
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

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (Cont'd)

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:

	2023 RM	2022 RM Restated
Fixed rate instruments		
Financial asset	2,268,000	1,000,000
Financial liabilities	(126,849)	(227,650)
Floating rate instruments		
Financial liability	(10,000,000)	–

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.

As at the end of the financial year, if interest rates of floating rate instruments had been lower by 50 basis point with all other variables held constant, this will result in post-tax increase of RM38,000 (2022: RMNil) in profit or loss and other comprehensive income respectively.

34. 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.

	2023 RM	2022 RM Restated
Lease liabilities	126,849	227,650
Bank borrowing	10,000,000	–
Less: Fixed deposit with a licensed bank	(2,268,000)	(1,000,000)
Less: Cash and bank balances	(20,387,748)	(12,109,412)
Net liquidity	(12,528,899)	(13,109,412)
Equity attributable to owners of the Company	85,529,144	68,234,414
Gearing ratio	N/A	N/A

35. CAPITAL COMMITMENTS

Capital commitments contracted but not provided for in the financial statements are as follows:

	Group	
	2023 RM	2022 RM
Purchase of freehold land	13,800,000	–
Payments made	(6,965,861)	–
	6,834,139	–

On 17 July 2023, the Group entered into a Sales and Purchase Agreement to acquire approximately 86.36 acres of freehold land with a purchase consideration of RM13,800,000, for the development of Taman Residensi Mesra Phase 3 located at Gurun, Kedah. During the financial year, the Group made payments totalling RM6,965,861. The remaining balance of RM6,834,139 will be paid upon the fulfillment of condition precedents.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

36. SUBSEQUENT EVENTS

(a) Acceptance of award for earthworks and related works from Puncakcity Development Sdn. Bhd.

On 7 February 2024, the Group had accepted the letter of award dated 7 February 2024 from Puncakcity Development Sdn. Bhd., as the contractor for earthworks and related works, with a contract sum of RM10,965,330, for a period of approximately 8 months, which commence on 7 February 2024 and expected to complete on 6 October 2024.

(b) Acquisition of freehold land in Gurun, Kedah

(i) Acquisition of eighty-four (84) pieces of freehold terrace land

On 5 February 2024, the Group entered into a Sales and Purchase Agreement with Aziho Trading Sdn. Bhd. to acquire eighty-four (84) pieces of freehold terrace land with a purchase consideration of RM1,034,208. The location of this land is next to the Taman Residensi Mesra Phase 2 housing development project located at Gurun, Kedah.

(ii) Acquisition of seventy-one (71) pieces of freehold terrace land

On 12 March 2024, the Group entered into a Sales and Purchase Agreement with Aziho Trading Sdn. Bhd. to acquire seventy-one (71) pieces of freehold terrace land with a purchase consideration of RM943,164. The location of this land is next to the Taman Residensi Mesra Phase 2 housing development project located at Gurun, Kedah.

(c) Project management collaboration with Isaga Utara Sdn. Bhd.

On 2 April 2024, the Group entered into a Project Management Agreement with Isaga Utara Sdn. Bhd. as the project manager to provide project and finance management, marketing and sales, and supervisory services to develop approximately 109 acres of land located at Junjong, Kedah into a residential development.

(d) Statement of Claim by the Company and its subsidiary, LFE Engineering Sdn. Bhd. ("LFEE") (collectively as "LFE") against Shapadu Boulevard Sdn. Bhd. ("Shapadu") and Lim Thiam Leong Realty Sdn. Bhd. ("LTLR")

On 18 March 2024, LFE had instituted legal action in High Court of Kuala Lumpur against Shapadu and LTLR with a Writ and Statement of Claim issued by Messrs Chuah Qian & Partners, the solicitors of LFE.

The Writ and Statement of Claim against Shapadu and LTLR were due to Shapadu and LTLR have failed to fully satisfy their duties to pay the amount entitled by LFE under the letters of award and/or letter of appointment for numerous projects, which were recognised and/or acknowledged by Shapadu and LTLR.

Pursuant to the Writ of Summons and Statement of Claim, LFE claimed the following from Shapadu and LTLR:

(i) The amount outstanding of RM1,049,318.77 to be jointly or severally paid;

(ii) The amount outstanding of RM5,641,270.62 to be paid by Shapadu;

(iii) The amount outstanding of RM78,237.00 to be paid by LTLR;

(iv) Interest at the rate of 5% per annum from the date of filing Writ of Summons until the date of full and final settlement;

(v) Costs on solicitors and client basis; and

(vi) Other and/or further reliefs as the Honourable Court deems fit and just.

The next Case Management is fixed on 10 May 2024 for parties to update status of pleadings.

37. COMPARATIVE FIGURES

The presentation and classification of items in the current year's financial statements have been consistent with that of the previous year except for the following items that have been reclassified to conform with the current year's presentation:

	As previously reported RM	Reclassification RM	As restated RM
Group			
Statement of financial position as at 31 December 2023 (extract)			
Non-Current Assets			
Inventories	–	1,313,631	1,313,631
Current Assets			
Inventories	25,488,605	(1,313,631)	24,174,974
Other investments	–	11,767,441	11,767,441
Fixed deposit with a licensed bank	12,767,441	(11,767,441)	1,000,000
Statement of cash flow as at 31 December 2023 (extract)			
Cash Flows From Operating Activities			
Fair value change on financial assets at fair value through profit and loss	–	(179,352)	(179,352)
Interest income	(184,397)	179,352	(5,045)
Inventories	(25,136,165)	1,313,631	(23,822,534)
Interest received	184,397	(179,352)	5,045
Cash Flows From Investing Activities			
Purchase of land held for development	–	(1,313,631)	(1,313,631)
Net changes in other investments	–	(1,902,239)	(1,902,239)
Cash Flows From Financing Activities			
Increase in fixed deposit pledged	–	(1,000,000)	(1,000,000)
Cash and cash equivalents at the end of the financial year			
Fixed deposit with a licensed bank	12,767,441	(11,767,441)	1,000,000
Fixed deposit pledged with a licensed bank	–	(1,000,000)	(1,000,000)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

37. COMPARATIVE FIGURES (CONT'D)

	As previously reported RM	Reclassification RM	As restated RM
Company			
Statement of financial position as at 31 December 2023 (extract)			
Current Assets			
Other investments	–	1,934,256	1,934,256
Fixed deposit with a licensed bank	1,934,256	(1,934,256)	–
Statement of cash flow as at 31 December 2023 (extract)			
Cash Flows From Operating Activities			
Fair value change on financial assets at fair value through profit and loss	–	(31,904)	(31,904)
Cash Flows From Investing Activities			
Net changes in other investments	–	(1,934,256)	(1,934,256)
Cash and cash equivalents at the end of the financial year			
Fixed deposit with a licensed bank	1,934,256	(1,934,256)	–

38. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2024.

Analysis of Shareholdings

As at 16 April 2024

Issued Paid-up Capital : RM134,983,258.640
Number of Issued Shares : 1,108,629,032
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	15	1.30	438	0.00
100 – 1,000	310	26.96	150,150	0.01
1,001 – 10,000	283	24.60	1,641,500	0.15
10,001 – 100,000	327	28.44	15,067,086	1.36
100,001 to less than 5% of issued share capital	212	18.44	823,193,259	74.25
5% and above of issued share capital	3	0.26	268,576,599	24.23
Total	1,150	100.00	1,108,629,032	100.00

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

Name	Direct	%	Indirect	%
LIEW KIAM WOON	51,564,024	4.65	25,589,874[(a)]	2.31
NG KOK KHENG	87,600,000	7.90	–	–
SIERRA BONUS SDN BHD	82,604,172	7.45	–	–
RESOLUTE ACCOMPLISHMENT SDN BHD	98,372,427	8.87	–	–
CHUAH CHONG EWE	41,699,900	3.76	115,933,077[(b)]	10.46
GOSAVE SDN BHD	–	–	98,372,427[(c)]	8.87

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").*

(b) 1. *Deemed interested by virtue of his shareholding in Triumphant View Sdn Bhd pursuant to Section 8 of the Act.*

2. *Deemed interest pursuant to Section 197 of the Companies Act 2016 held through his son, Chuah Chern Yang.*

3. *Deemed interest pursuant to Section 8 of the Companies Act 2016 held through Resolute Accomplishment Sdn Bhd.*

(c) *Deemed interested by virtue of its shareholding in Resolute Accomplishment Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

ANALYSIS OF SHAREHOLDINGS
(cont'd)

DIRECTORS' INTERESTS IN SHARES

As per the Register of Directors' Shareholdings

	Shareholdings			
	Direct	%	Indirect	%
Name				
LIEW KIAM WOON	51,564,024	4.65	25,589,874(a)	2.31
GOH CHEE HOE	–	–	–	–
TNG LING LING	–	–	–	–
LIM SAY LEONG	–	–	–	–
CHUAH CHONG EWE	41,699,900	3.76	115,933,077(b)	10.46
AHMAD ZAKIE BIN HJ AHMAD SHARIFF	–	–	–	–

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").

(b) 1. Deemed interested by virtue of his shareholding in Triumphant View Sdn Bhd pursuant to Section 8 of the Act.

2. Deemed interest pursuant to Section 197 of the Companies Act 2016 held through his son, Chuah Chern Yang.

3. Deemed interest pursuant to Section 8 of the Companies Act 2016 held through Resolute Accomplishment Sdn Bhd.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholdings	%
1.	RESOLUTE ACCOMPLISHMENT SDN BHD	98,372,427	8.87
2.	NG KOK KHENG	87,600,000	7.90
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIERRA BONUS SDN BHD	82,604,172	7.45
4.	LIEW KIAM WOON	51,564,024	4.65
5.	LAKEVIEW HOLDING SDN BHD	51,500,000	4.65
6.	ONG KHYE SIANG	51,500,000	4.65
7.	CHUAH SIANG HUAT	51,500,000	4.65
8.	LSA HARMONY SDN BHD	43,905,370	3.96
9.	TONG HOCK SEN	42,298,933	3.82
10.	NG NGOON WENG	40,807,900	3.68

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name	Shareholdings	%
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHUAH CHONG EWE (SMART)	37,600,000	3.39
12.	LIEW TEOW WOON	33,893,535	3.06
13.	SHAPADU CAPITAL SDN BHD	29,677,250	2.68
14.	QUAH JO LEEN	27,666,667	2.50
15.	LIEW CHEE WOON	26,115,201	2.36
16.	LIEW MEOW NYEAN REALTY SDN BERHAD	25,589,874	2.31
17.	CHEN WEI HANG	21,050,000	1.90
18.	QUAH JO WEI	19,133,800	1.73
19.	LIM SEOW TAT	18,964,000	1.71
20.	CHONG FU SEONG	17,500,000	1.58
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TRIUMPHANT VIEW SDN BHD	16,632,150	1.50
22.	EUGENE LEE CHIN JIN	15,583,700	1.41
23.	TNEOH KIAN CHAI	11,942,900	1.08
24.	DAISY BLISS SDN BHD	11,666,667	1.05
25.	KHO SIEW BOEY	10,878,000	0.98
26.	TEOH TIAN WEN	8,317,000	0.75
27.	KHO SIEW BOEY	8,111,000	0.73
28.	HENG CHING YEE	7,535,700	0.68
29.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG NGOON WENG (M01)	7,250,600	0.65
30.	LIM TIONG LAY	6,000,000	0.54
	TOTAL	**962,760,870**	**86.84**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting ("the Meeting") of LFE Corporation Berhad ("the Company") which will be conducted fully virtual from the Online Meeting Platform at https://shorturl.at/qOV35 provided by Acclime Corporate Services Sdn Bhd on Wednesday, 26 June 2024 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 2023 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 27 June 2024 until the next Annual General Meeting of the Company to be held in 2025. — **Ordinary Resolution 1**

3. To re-elect Mr. Lim Say Leong who is retiring as a Director of the Company pursuant to Clause 97.1 of the Company's Constitution. — **Ordinary Resolution 2**

4. To re-elect the following Directors who retire pursuant to Clause 104 of the Company's Constitution:

   4.1 Mr. Chuah Chong Ewe — **Ordinary Resolution 3**

   4.2 Mr. Ahmad Zakie Bin Hj Ahmad Shariff — **Ordinary Resolution 4**

5. To re-appoint Messrs. HLB Ler Lum Chew PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

As Special Business

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

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

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

   AND THAT the Directors of the Company whether solely or jointly, be authorised to complete and do all such act and things (including executing such relevant documents) as he/they may consider necessary, expedient or in the interest of the Company to give effect to the aforesaid mandate.

   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."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE FOR RRPT")** **Ordinary Resolution 7**

"**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."

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

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)
LIM LI HEONG (MAICSA 7054716) (SSM Practising Certificate No. 202008001981)
WONG MEE KIAT (MAICSA 7058813) (SSM Practising Certificate No. 202008001958)
Company Secretaries
Kuala Lumpur
30 April 2024

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 20 June 2024 shall be entitled to attend the Annual General Meeting.

B. Audited Financial Statements for the Financial Year ended 31 December 2023

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 Directors' 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 Twenty-First Annual General Meeting ("AGM") on the payment of Directors' fees and benefits for the period commencing from 27 June 2024 until the next Annual General Meeting in year 2025.

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 2025.

Explanatory Notes on Ordinary Business:- (Cont'd)

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

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

The general mandate sought for issue of shares is a renewal of the mandate approved by the shareholders at the last AGM held on 28 June 2023 which will lapse at the conclusion of this AGM.

Up to the date of this Notice, the Company do 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 Resolution 7 – Proposed Mandate for RRPT

The proposed Ordinary Resolution 7, if passed, will allow the Group to renew its existing mandate obtained at the Extraordinary General Meeting held on 28 June 2023 to enter into recurrent related party transactions of a revenue or trading nature with PD Myara Park Sdn Bhd (f.k.a PD Ara Sdn Bhd), Puncakcity Development Sdn Bhd and Luster Industries Bhd group of companies in the ordinary course of business, and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related transactions occur would not arise. Besides facilitating a smoother and more efficient conduct of business, this would substantially reduce administrative time, inconvenience, expenses associated with the convening of such meetings and would place the Group in a better position to leverage and take advantage of business opportunities as and when they may arise, without compromising the corporate objectives of the Group. The shareholders' mandate is subject to renewal on an annual basis.

Please refer to the Circular to Shareholders dated 30 April 2024 for further details.

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. Twenty-First Annual General Meeting of the Company which will be conducted fully virtual from the Online Meeting Platform at https://shorturl.at/qOV35 provided by Acclime Corporate Services Sdn Bhd on Wednesday, 26 June 2024 at 10.00 a.m..

2. Mr. Lim Say Leong is standing for re-election at the Twenty-First Annual General Meeting of the Company pursuant to Clause 97.1 of the Constitution of the Company.

   Meanwhile, the Directors who are standing for re-election at the Twenty-First Annual General Meeting of the Company pursuant to Clause 104 of the Constitution of the Company are:-

   (i) Mr Chuah Chong Ewe
   (ii) Mr Ahmad Zakie Bin Hj Ahmad Shariff

   Mr Lim Say Leong, Mr Ahmad Zakie Bin Hj Ahmad Shariff and Mr. Chuah Chong Ewe have no conflict of interest or potential conflict of interest including any interest in any competitor business with LFE or its subsidiaries.

   The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on pages from 010 to 012 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 2023 are disclosed in the Corporate Governance Overview Statement set out on page 033 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 TWENTY-FIRST ANNUAL GENERAL MEETING of the Company ("the Meeting") which will be conducted fully virtual from the Online Meeting Platform at https://shorturl.at/qOV35 provided by Acclime Corporate Services Sdn Bhd on Wednesday, 26 June 2024 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 27 June 2024 up to the next Annual General Meeting of the Company to be held in 2025.		
2.	Re-election of Mr. Lim Say Leong		
3.	Re-election of M. Chuah Chong Ewe		
4.	Re-election of Mr. Ahmad Zakie Bin Hj Ahmad Shariff		
5.	Re-appointment of Auditors		
6.	Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016		
7.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this .... day of .... 2024.

....
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 20 June 2024 shall be entitled to attend the Annual General Meeting.*

Please fold here

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

Please fold here

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

www.lfe.com.my