

LFE CORPORATION BERHAD

(Company No. 579343-A)

(Incorporated in Malaysia)

**MINUTES OF THE SIXTEENTH ANNUAL GENERAL MEETING OF THE
COMPANY HELD AT 4TH FLOOR, CAMPBELL COMPLEX, 98 JALAN DANG
WANGI, 50100 KUALA LUMPUR ON MONDAY, 10 JUNE 2019 AT 10.00 A.M.**

SUMMARY OF PROCEEDINGS AND KEY MATTERS DISCUSSED

PRESENT : Directors
Mr. Liew Kiam Woon
Dato' Sri Haji Shafiz Bin Dato' Haji Shahrani
Mr. Kok Tong Yong
Ms. Juliana Quah Kooi Hong
Mr. Loo Thin Tuck
Mr. David Low Teck Wee
Tunku Azlan Bin Tunku Aziz

Shareholders, Proxies and Corporate Representative
As per Attendance List

IN ATTENDANCE : Ms. Lim Li Heong (Representing the Company Secretary)

BY INVITATION : As per Attendance List

1. PRELIMINARY

Ms. Lim Li Heong, the Company Secretary informed the Members that the Board has not appointed a Chairman. Pursuant to Article 66 of the Company's Articles of Association, if there is no Chairman of the Board of Directors, the Directors present shall choose one amongst themselves to act as the Chairman of the Meeting, and if there is no Chairman chosen pursuant thereof, the Members present shall choose one of them to act as the Chairman of the Meeting.

Upon the proposal of Ms. Juliana Quah Kooi Hong and seconded by Mr. Kok Tong Yong, Mr. Kenneth Liew Kiam Woon was nominated as the Chairman of the Meeting.

2. CHAIRMAN

Mr. Kenneth Liew Kiam Woon, who consented to act, was elected to Chair the Meeting. He welcomed all present to the Meeting and then introduced the Members of the Board to the Members present.

3. QUORUM

The requisite quorum being present pursuant to Article 64 of the Company's Articles of Association, the Chairman declared the Meeting duly convened.

4. NOTICE OF MEETING

The Chairman addressed the meeting and declared the meeting duly convened as the Notice of the Annual General Meeting (“AGM”) dated 30 April 2019 had been circulated to all members of the Company and advertised in Newspaper in accordance with the Company’s Articles of Association.

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

The Company Secretary informed the shareholders that the businesses to be transacted in the AGM involved the moving and passing of nine (9) proposed Ordinary Resolutions which require a vote by a simple majority of the members or their proxies present to approve and one (1) Special Resolution which require majority of not less than seventy-five percent (75%) of such members who are entitled to vote either in person or by proxy.

The Company Secretary informed that each of the ten (10) proposed Resolutions would require one proposer and a seconder before the motions were put to the floor to vote; and that pursuant to the Listing Requirements of Bursa Malaysia, any resolution set out in the notice of any general meeting or notice of resolution must be voted by way of poll.

The Company Secretary informed the meeting that in order to have smooth proceedings, the meeting would proceed with the questions and answers session and after having each of the motions properly proposed and seconded accordingly, the poll voting would commence immediately thereafter.

5. PRESENTATION ON ISSUES RAISED FROM MINORITY SHAREHOLDERS WATCH GROUP

Before proceeding with the first item of the Agenda, Encik Mokhtar Bin Mohd Idris, the Chief Financial Officer presented to the shareholders the issues raised by the Minority Shareholders Watch Group stated under a letter dated 29 May 2019 and the clarification from the Company as annexed herewith and marked Appendix “1”.

6. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2017 TO 31 DECEMBER 2018 TOGETHER WITH THE DIRECTORS’ AND AUDITORS’ REPORTS THEREON

The Audited Financial Statements for the financial period from 1 August 2017 to 31 December 2018 together with the Directors’ and Auditors’ Reports thereon as attached in the 2018 Annual Report which had been previously circulated, were tabled for discussion.

The Chairman asked if there was any question from the floor.

Encik Ahmad Bin Ibrahim, a shareholder suggested to the Board that the Annual Report

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should show the 5 years financial statistics of the Company and the Company must do something for the benefit of its shareholders.

The Chairman replied that the 5 years financial statistics of the Company will be presented in the following year's Annual Report as suggested.

Since there were no further questions, the Chairman declared that the Audited Financial Statements for the financial period from 1 August 2017 to 31 December 2018 together with the Directors' and Auditors' Reports thereon were duly received by the shareholders of the Company.

7. RE-CONVENING OF MEETING AND ANNOUNCEMENT OF RESULTS

The meeting re-convened at 10.48 a.m. for the announcement of the results of the poll voting by the Chairman as follows:-

Agenda	For		Against		Abstained	Results
	No. of Shares	%	No. of Shares	%		
Resolution 1 Payment of Directors' Fees and Benefits for the financial period from 1 August 2017 to 31 December 2018	97,244,892	99.9997	300	0.0003	-	Carried
Resolution 2 Payment of Directors' Fees and Benefits up to an amount of RM161,000.00 for the period from 1 January 2019 until the next Annual General Meeting of the Company to be held in 2020	97,244,892	99.9997	300	0.0003	-	Carried

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Agenda	For		Against		Abstained	Results
	No. of Shares	%	No. of Shares	%		
Resolution 3 Re-election of Mr. Kok Tong Yong as a Director	97,230,192	100	-	-	15,000	Carried
Resolution 4 Re-election of Ms. Juliana Quah Kooi Hong as a Director	97,245,192	100	-	-	-	Carried
Resolution 5 Re-appoint Messrs. Morison Anuarul Azizan Chew as the Auditors of the Company and to authorise the Directors to fix their remuneration	97,245,192	100	-	-	-	Carried
Resolution 6 To empower the Directors of the Company to issue and allot shares pursuant to Section 76 of the Companies Act, 2016	97,245,192	100	-	-	-	Carried
Resolution 7 Continuing in Office as Independent Non-Executive Director – Mr. David Low Teck Wee	97,245,192	100	-	-	-	Carried
Resolution 8 Continuing in Office as Independent Non-Executive Director – Mr. Loo Thin Tuck	97,245,192	100	-	-	-	Carried

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Agenda	For		Against		Abstained	Results
	No. of Shares	%	No. of Shares	%		
Resolution 9 Continuing in Office as Independent Non-Executive Director - Tunku Azlan Bin Tunku Aziz	97,245,192	100	-	-	-	Carried
Special Resolution Proposed Adoption of New Constitution	97,245,192	100	-	-	-	Carried

The Chairman declared that all the nine (9) Ordinary Resolutions and one (1) Special Resolution as set out in the Notice were duly carried.

8. TERMINATION OF MEETING

There being no other business, the meeting ended at 10.50 a.m. with a vote of thanks to the chair.



LFE Corporation Berhad

Appendix 1

PRESENTATION TO SHAREHOLDERS

- 16th Annual General Meeting

10 June 2019

Campbell Complex, Kuala Lumpur

PRESENTATION OUTLINE

Queries from MSWG:-

➤ Strategy/Financial Matters

1. Progress of each measures highlighted on “Material Uncertainty Related to Going Concern”
2. Status of Joint Ventures and Financial Prospects over the next two years

➤ Corporate Governance Matters

1. Positions of Managing Director and Chairman
2. Aligning of Remuneration Committee members with MCCG Practice 6.2

STRATEGY/FINANCIAL MATTERS

Question 1

1) The Company's Annual Report 2018 Note 2.1 page 47 and its subsequent announcement to Bursa Malaysia on 2 May 2019 highlighted on 'Material Uncertainty Related to Going Concern' where the auditors stated that the ability of the Group and Company to continue as going concern are dependent on :

- a) Timely and successful completion of its existing contracts;
- b) The timely collection of trade receivables;
- c) The timely collection and repatriation of funds in its joint ventures;
- d) Generating profit and cash inflows from the new contracts secured; and
- e) Successful implementation of the proposed private placement.

What is the progress for each of the measures highlighted to-date?

Answer :

The progress for each of the measures to-date are as follows:-

a) Timely and successful completion of its existing contracts;

There are two existing projects namely:

1. The RuMa Hotel, Jalan Kia Peng, Kuala Lumpur- The project's subcontract works have already been completed except to carry out the additional works as instructed.
2. Arkema Plant Expansion Phase 2, Kerteh – Most of the subcontract works have been completed with only minor finishing works expected to be completed by end of June 2019.

b) The timely collection of trade receivables;

Amount of trade receivable is RM6.6 million of which:

- Amount with agreed repayment schedule : RM2.9 million (44%);
- Retention sum not due yet : RM2.4 million (36%); and
- Pending collections : RM1.3 million (20%).

Answer :

c) The timely collection and repatriation of funds in its joint ventures;

- These are two joint ventures namely ISZL and IJM-LFEJV in Abu Dhabi;
 - On signing of the Settlement Agreement in Nov 2018, 5% of the trade receivable has been collected.
 - Balance 95% is to be repaid in four (4) yearly-installment of payment plan commencing Nov 2019 and ending Nov 2022.
 - Collection and repatriation of funds are based on the installments' due date.
- All the due installments are secured against Letters of Guarantee issued by a prominent license bank in the Middle East countries favoring the joint ventures.

Answer :

- d) Generating profit and cash inflows from the new contracts secured;
New contracts totaling RM66.6 million have been secured in 2019 and is expected to contribute Gross Profit of RM8.3 million over the construction period.

Project Name	Value (RM'm)	Description	Project duration
1. Segamat Hospital	35.0	Hospital extension works. Currently 6% contract works have been completed	24 months
2. SM Sains Segamat	15.2	Proper completion of classrooms, dining hall and Multi-purpose Hall. Currently 8% of the contract works have been completed	14 months
3. Taman Kemang Tiruk, Serada, Kuala Terengganu	16.4	Reviving of an abandoned project to construct and complete a mix residential development on 121 parcels of land. Preliminary works including site survey and assessment of completed building works have been done. Now in discussion stage with Liquidator, architect and the consultants teams for reviving the project.	36 months
Total	66.6		

Answer :

e) Successful implementation of the proposed private placement.

On 2 May , the Group has completed the Private placement and listing of 18,582,100 placement shares (10%) on the Main Market of Bursa Malaysia. The Group raised RM 1.67 million at an issue price of RM0.09 per share.

STRATEGY/FINANCIAL MATTERS (continue...)

Question 2

As at 31 December 2018, the carrying amount of the Group's investment in joint-ventures is RM32,525,454, which represents 64% of the Group's total assets (AR 2018 page 34) whilst the loss of RM4,856,731 attributable to joint-ventures in FPE2018 is stated as one-off in nature (AR2018 page 5). Please advise on the status of the Company's joint-ventures and their financial prospects over the next two years.

Answer:

The carrying assets of the joint ventures is the trade receivables. Based on the Settlement Agreements signed on Nov 2018, 5% of the settlement sum has been collected upon signing and the balance of 95% are due over four (4) instalments plan commencing Nov 2019 and ending Nov 2022.

Over the next two years a further 40% will be received.

Subsequent receipts will be 20% in Nov 2021 and finally 35% in Nov 2022.

CORPORATE GOVERNANCE MATTERS

Question 1

The Company indicated that it has applied Practice 1.3 where the positions of Chairman and CEO are held by different individuals (CG Report page 5) in contrast with its statement that the Company does not have a Chairman (Practice 1 .3 CG Report page 4). Practice 1.4 has been incorrectly applied given that the same individual, Managing Director also acts as Chairman and hence, this should be indicated as a "Departure" instead. Please indicate appropriately for future reporting.

Answer:

We have amended the relevant sections of the CG Report 2018 and the amended CG Report has been submitted to Bursa Securities Malaysia Berhad on 31 May 2019.

CORPORATE GOVERNANCE MATTERS (continue..)

Question 2

Guidance to MCCG Practice 6.2 advocates that the Remuneration Committee (RC) should comprise only non-executive directors. As such the presence of the Managing Director, an Executive Director in RC does not align with this Guidance despite the majority of RC being independent directors (CG Report page 21), Does the Board intend to align with MCCG Guidance?

Answer :

Yes, the Board will change the composition of Remuneration Committee at the coming Board Meeting to be held in August to align with the MCCG Guidance.



**END OF PRESENTATION
THANK YOU**