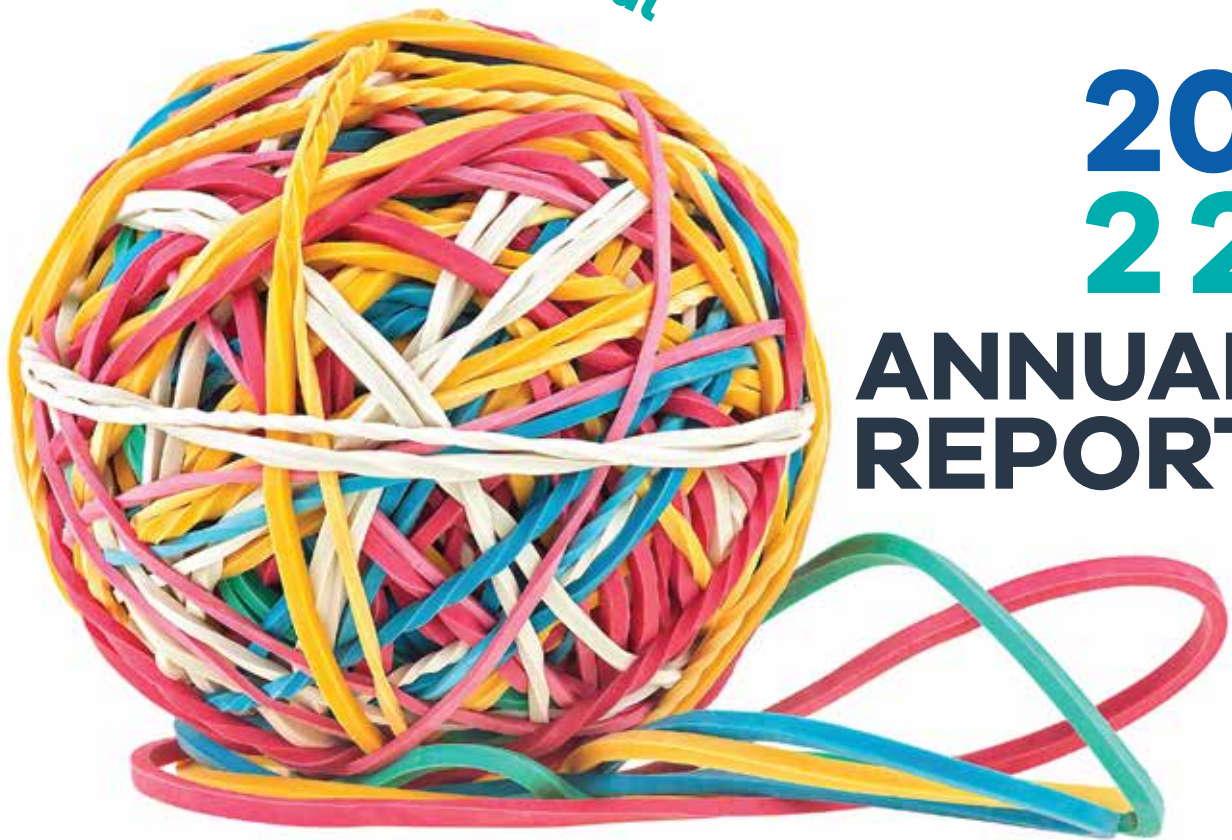




GFM Services Berhad

Tapping Potential



**20
22**

**ANNUAL
REPORT**

Innovative | Reliable | Strategic Partnering

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CORPORATE MISSION

To be the premier provider of Asset and Facilities Management Solutions which consistently **EXCEED** customers' requirements.

CORPORATE CREED

We shall treat our **CUSTOMERS, EMPLOYEES, SHAREHOLDERS, SUPPLIERS** & the **COMMUNITY** with **DIGNITY, FAIRNESS & RESPECT**. We shall conduct our business with **INTEGRITY** and **HIGH ETHICAL** standards.



GET IT

Download the "QR Code Reader" app from Google Play (Android Market), BlackBerry AppWorld, App Store (iOS/iPhone) or Windows Phone Store



RUN IT

Run the QR Code Reader app and point your camera at the QR Code



ACCESS IT

Get access to GFM Services Berhad's website



Scan this to view
Annual Report 2022

The GFM Brand

CORPORATE BRAND

FREEDOM TO FOCUS ON THE FUTURE.

GFM is the preferred Facilities Management ("FM") solutions provider providing customised and innovative support services enabling companies to focus on their core business, thereby realising their vision for their organisation.

The GFM brand essence is the strategic core of the brand. It is the foundation upon which all internal and external brand experiences are built. Ultimately, our brand goal is for our brand essence to be top of mind.

GFM's brand is essentially made up of three brand virtues that we refer to as the GFM Brand Essence. They are being Innovative, Reliable and Strategic Partnering. From a GFM brand perspective, the definition of the three brand essence are as follows:-

● INNOVATIVE

The application or inception of an idea or invention as an improvement or elevation into a process or service that positively impacts or creates value (efficiency, efficacy, economic) along our service delivery line. At GFM, we are conscious about being innovative in what we do on a daily basis. The outcome of being innovative is continuous improvement.

● RELIABLE

Being reliable is at the core of the GFM experience. With us, our partners and stakeholders are assured of getting what they sign up for. At GFM, we walk the talk and consistently do everything within our control to deliver on our promises.

● STRATEGIC PARTNERING

At GFM, we are focused on the provision and delivery of services to support the customer in focusing on their core business on a sustainable and successful basis. This is borne by the desire and ability to work together towards a mutually beneficial outcome. The work we do for the customer supports them in realising their vision.



cover rationale

The iconic rolled up ball of stretched rubber band is a symbol of immense possibilities, possessing stored energy to be unleashed as pure kinetic energy. This image depicts GFM's strategy of synergy in harnessing its available resources of people, process and technology to unleash the customer's potential.



CORPORATE INFORMATION



Board of directors

ABDUL RAHIM BIN ABDUL HAMID
Independent Non-Executive Director
(Board Chairman)

RUSLAN BIN NORDIN
Group Managing Director

MOHAMMAD SHAHRIZAL BIN MOHAMMAD IDRIS
Non-Independent Non-Executive Director

ZAINAL BIN AMIR
Non-Independent Non-Executive Director

ZAINAL ARIFIN BIN KHALID
Independent Non-Executive Director

YONG HEE KONG
Independent Non-Executive Director

ASHOK VIRENDRA SHAH
Independent Non-Executive Director

TONG JIA WANN
Independent Non-Executive Director
(Appointed on 12 April 2023)

AUDIT AND RISK MANAGEMENT COMMITTEE

Ashok Virendra Shah
Chairman

Abdul Rahim Bin Abdul Hamid
Member

Yong Hee Kong
Member

Zainal Bin Amir
Member

Zainal Arifin Bin Khalid
Member

NOMINATION AND REMUNERATION COMMITTEE

Zainal Arifin Bin Khalid
Chairman

Ashok Virendra Shah
Member

Yong Hee Kong
Member

Mohammad Shahrizal Bin Mohammad Idris
Member
(Appointed on 6 April 2023)

COMPANY SECRETARY

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

REGISTERED OFFICE

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

CORPORATE OFFICE

A-3A-1, Melawati Corporate Centre
Jalan Bandar Melawati
Taman Melawati
53100 Kuala Lumpur, Malaysia
Tel : (603) 4101 0555
Fax : (603) 4162 5250
Web : www.gfmservices.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No.: 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : (603) 2783 9299
Fax : (603) 2783 9222

EXTERNAL AUDITORS

Moore Stephens Associates PLT
(LLP0000963-LCA & AF002096)
Chartered Accountants
Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU 7/3,
Mutiar Damansara
47810 Petaling Jaya
Selangor, Malaysia
Tel : (603) 7728 1800
Fax : (603) 7728 9800

PRINCIPAL BANKERS

Bank Pembangunan Malaysia Berhad
CIMB Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

The ACE Market of Bursa Malaysia Securities Berhad
Stock Name : GFM
Stock Code : 0039

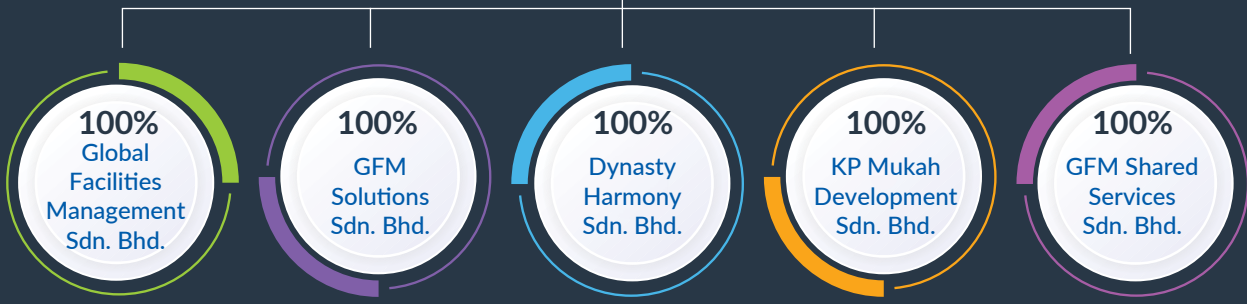




GROUP CORPORATE STRUCTURE



GFM GFM SERVICES BERHAD



Everfine FMS Sdn. Bhd.

100%



MEDIA HIGHLIGHTS



GFM wins RM367mil job from JKR



KUALA LUMPUR: GFM Services Bhd has secured a contract worth RM367.2mil from the Public Works Department (JKR) to provide facilities management services for Istana Negara.



GFM Services' Net Profit in 3QFY22 Quadrupled to RM8.1 million



Integrated Facilities Management service provider has posted a strong set of financial results for its third quarter (3QFY22) and nine months for the financial period ended 30 September 2022 (9MFY22).

GFM Services' subsidiary secures RM367 million contract from JKR

KUALA LUMPUR: GFM Services Bhd's wholly-owned subsidiary, Global Facilities Management Sdn Bhd, has secured a letter of acceptance (LOA) from the Public Works Department (JKR) to provide facilities management services for Istana Negara, Jalan Tuanku Abdul Halim, Kuala Lumpur valued at RM367.23 million.

In a filing with Bursa Malaysia, the integrated facilities management service provider said the contract is for a period of five years commencing from June 15, 2022 until June 14, 2027.

It said the scope of services comprised, among others, operations and maintenance services in

relation to transitional management, architecture, civil and structure, mechanical, electrical, landscaping, computerised maintenance management system, energy efficiency and repair and replacement.

Executive vice chairman Ruslan Nordin said the company is honoured to have been entrusted to maintain an emblematic public infrastructure such as Istana Negara.

"The clinching of this award speaks volumes of JKR's confidence in GFM's ability to deliver uninterrupted FM (facilities management) services. This contract win provides us with improved

earnings visibility and further replenishes our current orderbook to RM1.41 billion while at the same time enables us to gain traction in securing more jobs from the public sector," he said.

He said the company have a solid track record of maintaining public facilities, including Bank Negara Malaysia premises, the Sabah State Administration Centre and the Sultan Iskandar Customs, Immigration and Quarantine Complex in Johor.

Moving forward, he said the company shall continue to raise its competencies to further strengthen its value proposition to customers.

"We look forward to

managing Istana Negara with service excellence as a premier facilities management service provider," he said.

Apart from the provision of facilities management services, GFM is also the owner of a university asset concessionaire, KP Mukah Development Sdn Bhd, for Universiti Teknologi MARA (UiTM) Mukah campus in Sarawak.

Istana Negara is the official residence of the Yang di-Pertuan Agong (YDPA) that sits on a land area spanning 97.65 hectares and is split into three main components, namely the Formal Component, Royal Component and Administration Component.

— Bernama



GFM Services' Q3 net profit jumps 3.7 times to RM8.1mil



KUALA LUMPUR: GFM Services Bhd's net profit jumped 3.7 times to RM8.1 million in the third quarter (Q3) ended September 30, 2022 from RM2.6 million a year ago.





CALENDAR OF EVENTS 2022

20 MAY 2022

GFM Hari Raya Aidilfitri Open House was held in One World Hotel, Bandar Utama, Petaling Jaya Selangor.



27 - 29 SEPTEMBER 2022

Smart Nation Expo 2022 was held in MITEC, Kuala Lumpur



CALENDAR OF EVENTS 2022

8 OCTOBER 2022

Pengerang Fishing Challenge was held in Johor Bahru.



6

24 NOVEMBER 2022

MOU Signing Ceremony Between Global Facilities Management Sdn Bhd and Universiti Tun Hussein Onn (UTHM) was held in GFM Services Berhad, Head Quarters Office, Melawati Corporate Center, Kuala Lumpur.



13 & 14 DECEMBER 2022

3rd Facility Management Asia Conference (FMAC) was held in Le Meridien Kota Kinabalu, Sabah



17 DECEMBER 2022

Team Bonding and Annual Dinner 2022 Everfine FMS was held in Doubletree by Hilton, Damai Laut Resort, Lumut Perak.



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

In 2022, GFM Services Berhad (“GFM” or “the Company”) and its subsidiaries (“the Group”) have demonstrated strength and resilience in navigating the demanding operating landscape. Our focus remained on sustaining facilities management (“FM”) services to customers, advancing our strategic plans, while upholding the Group’s service delivery excellence. As a result of our initiatives, GFM posted a historic high revenue and net profit of RM140.8 million and RM18.3 million, respectively, for the financial year ended 31 December 2022 (“FYE 2022”).

On behalf of the Board of Directors (“the Board”), I am pleased to present the Annual Report and Audited Financial Statements for GFM Services Berhad for FYE 2022.



2022 AT A GLANCE

The beginning of 2022 came with a sense of optimism as the world bounced back from the economic impact of the COVID-19 pandemic. Economic recovery was gaining momentum, with countries re-opening borders and easing restrictions as vaccination rates increased. However, the outbreak of the Russia-Ukraine conflict and other challenges, such as surging inflation rates, presented a new set of obstacles that contributed to a soft macroeconomic environment.

Back home in Malaysia, we entered the transition to endemic phase from 1 April 2022 onwards, accompanied by the easing of Movement Control Order (“MCO”) restrictions. This involved the reopening of country borders, businesses, schools, and public spaces, in a bid to kickstart economic activities. As a result, the Malaysian economy expanded 8.7% in 2022, far exceeding the economic growth of 3.1% in 2021.

At GFM, we remained agile and adapted to the changing operating conditions accordingly. During the year, we continued to deliver FM services at the sites we manage, with a focus on safety and health precautions in line with the government’s Standard Operating Procedures (“SOPs”). Apart from that, we also replenished the Group’s orderbook with the clinching of a new 5-year FM contract from Jabatan Kerja Raya (“JKR”) valued at RM389.3 million commencing in June 2022.

Internally, we strengthened the Group’s technological capabilities to enhance our value proposition to customers. Using GFM’s in-house GFM Enterprise Management Systems (“GEMS”), we deployed the Internet of Things (“IoT”) solutions at our project sites. Leveraging on the data and insight from GEMS, GFM is able to introduce and implement initiatives that contribute to higher efficiencies and cost savings at our clients’ premises. An incentive-based programme has also been established at the workplace to improve overall productivity and performance through our Human Resources Gamification programme.

FOCUS ON ESG

At GFM, we recognise that our responsibilities go beyond our shareholders and include a broader range of stakeholders, including, among others, our employees, customers, suppliers and the communities in which we operate. We are committed to embedding sustainability principles into our business operations and strategies. Guided by GFM’s Sustainability Policy, our sustainability efforts are centred on 5 agendas under the Environmental, Social, and Governance (“ESG”) pillars. In 2022, we continued to make progress and report on these material matters. More information on the Group’s ESG measures are covered in the Sustainability Report of GFM’s Annual Report 2022.





ABDUL RAHIM BIN ABDUL HAMID
BOARD CHAIRMAN

GFM is committed to seizing arising opportunities in the FM market and will continue to bid for more projects to replenish our orderbook. To increase our prospects, the Group is working on strengthening our competencies and offerings with the deployment of IoT solutions at our clients' sites. IoT provides facility managers a wide range of automation opportunities based on tracked data, leading to enhanced efficiencies and lower operating costs.

FORGING AHEAD

Looking ahead, we remain resolute on fortifying GFM's position as the preferred FM solutions provider. This involves upholding excellent service delivery to customers, strengthening our competencies, while seizing emerging opportunities.

For our core FM operations, we will continue to execute the projects on hand while bidding for more contracts. We have identified several growth avenues that can propel GFM to greater heights. This includes exploring prospects in areas that are complementary to our business, including the Highway Rest and Service Area ("RSA"), Workforce Lodging, and Oil & Gas ("O&G") sectors.

All in all, we are excited about the opportunities that lie ahead. Going into 2023, we will continue to implement the Group's ongoing initiatives to drive growth. Our focus is to become a strategic partner providing tailored innovative and cost-effective solutions to our clientele base. With a strong emphasis on innovation and sustainability, we are committed to deliver value to our stakeholders, including our customers, in the years to come.

ACKNOWLEDGEMENTS

On behalf of the Board of GFM, I would like to express our appreciation to Mr. Mohammad Shahrizal bin Mohammad Idris, who was re-designated from Managing Director ("MD") to Non-Independent Non-Executive Director on 9 March 2023. His contributions as MD have been invaluable, and we appreciate his efforts and dedication to GFM's growth and success. With that, we would like to congratulate Mr. Ruslan bin Nordin on his new role as Group Managing Director, following his re-designation from Executive Vice Chairman.

To all our stakeholders, thank you for your continued support and trust in us. This includes our shareholders, customers, business partners, financiers and regulatory bodies, among others.

To the team at GFM, your dedication and hard work allowed us to rise to the challenge, which have been integral to the progress we have achieved. Your efforts have not gone unnoticed and I thank you for your contributions. Last but not least, I would like to extend my sincere gratitude to my fellow Board members for their invaluable guidance and advice in steering the Group towards greater heights.

ABDUL RAHIM BIN ABDUL HAMID
Board Chairman



MANAGEMENT DISCUSSION & ANALYSIS



RUSLAN BIN NORDIN
GROUP MANAGING DIRECTOR

GROUP BUSINESS OVERVIEW

Established in 2000, GFM is an investment holding company offering a comprehensive suite of services that support the full lifecycle of facilities, with a primary focus on integrated facilities management (“IFM”), consultancy services, and asset management of concessions.

Since our inception, the Group has continuously expanded its service offerings and expertise, solidifying its position as one of the leading FM providers and concession holder in the industry. Drawing on over two decades of experience in the FM sector, GFM’s value proposition is founded on the extensive knowledge and expertise of our team, as well as our broad business networks across various industries. This allows GFM to develop and deliver tailored and integrated solutions that cater to our customers’ specific needs.

Our proven ability in managing diverse built environments has earned us a reputation as a reliable FM provider. This has enabled us to build a robust portfolio of customers from both the private and public sectors, including government agencies, educational institutions and multinational corporations, among others. The Group’s focus is to deliver optimal FM solutions for various infrastructure types, including assets and buildings, workforce lodging, highway rest and service area (“RSA”) and oil & gas (“O&G”) facilities.

INTEGRATED FACILITIES MANAGEMENT	
Operations & Maintenance	
<p>Hard FM Services</p> <ul style="list-style-type: none"> • Mechanical Systems • Electrical Systems • Civil, Structural & Architecture • IT System • Space Planning 	<p>Soft FM Services</p> <ul style="list-style-type: none"> • Cleaning & Housekeeping • Landscaping • Pest Control • Waste Disposal Management • Security
Management Services	
<ul style="list-style-type: none"> • Facility Strategy & Policy • Contract Management • Performance Management • Energy Management • Contractors Management 	



Dear Esteemed Shareholders,

The year under review was marked by increasing global economic uncertainties and challenges for businesses worldwide, despite signs of recovery from the COVID-19 pandemic. Against this backdrop, GFM remained committed to delivering reliable facilities management (“FM”) service to our customers while making moves to future-proof our business. GFM’s continued investments in our people, capabilities, and technologies enabled us to enhance our service delivery, operational efficiencies, and cost-effectiveness.

We are proud to report that our unwavering commitment to customer satisfaction and operational excellence, has led to a notable 83% increase in the Group’s net profit to a historic high of RM18.3 million in FYE 2022. This significant growth is a testament to the hard work and dedication of our team.

I am pleased to present an overview of GFM’s business operations and financial performance for FYE 2022.

**FACILITY MANAGEMENT ADVISORY
& CONSULTANCY****Advisory & Consultancy Services**

- Facility Management Process Planning and Advisory
- Review of Facility Design
- Facility Condition Audit
- Facility Management Solutions for O&M
- Management & Administration of Asset Disposal and Registration

CONCESSION ARRANGEMENTS**University Asset Concession Owner**

- 22-year concession for UiTM Mukah campus ending 2035

IFM is GFM's core business, where the Group provides operations and maintenance (“O&M”) activities, encompassing both hard and soft services, along with management services for clients. GFM is committed to delivering top-notch services and value-added offerings that provide greater value and savings to clients, while optimising asset performance, in line with international quality management standards.

In addition to IFM, GFM also offers facility and advisory (“FCA”) services, covering a wide range of needs, from planning and pre-construction to upgrading and refurbishment, ensuring that our client’s assets are optimised for performance throughout their entire life cycle.

GFM's concession segment includes our holding in KP Mukah Development Sdn. Bhd. (“KP Mukah”), a university asset concessionaire for Universiti Teknologi Mara’s (“UiTM”) Mukah campus in Sarawak.



MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL HIGHLIGHTS

While the effects of the COVID-19 start to dissipate in 2022, the global economic recovery was hampered by setbacks such as the tightening of monetary conditions by central banks worldwide, geopolitical tensions and supply chain disruptions, among others. Despite these challenges, GFM demonstrated resilience throughout the year and continued to strengthen our service offerings, while reinforcing our direction and strategic goals to drive the Group forward.

Facilities Management Services

For our core FM business, we remained steadfast in delivering high-quality services to our customers as a reliable and innovative partner. As the world began to recover from the COVID-19 pandemic and workers returned to the office workplace in 2022, GFM was well-prepared to meet the evolving needs of our customers to ensure smooth operations.

Assets & Building

During the year, we continued to explore and bid for projects to expand our orderbook and customer base. Our persistent efforts have yielded fruit as we successfully secured a contract from Jabatan Kerja Raya ("JKR") worth RM389.3 million to provide FM services for Istana Negara, the official residence of the monarch of Malaysia, located in Kuala Lumpur. The contract is for a period of 5 years, from June 2022 until June 2027.

This contract win is a testament to JKR's confidence in GFM's ability to maintain uninterrupted and exceptional quality services for critical public premises. Over the years, GFM has developed a solid track record of maintaining government facilities, namely Bank Negara premises, the Sabah State Administration Centre and the Sultan Iskandar Customs, Immigration and Quarantine Complex ("CIQ") in Johor, to name a few.

Furthermore, it provides us with improved earnings visibility and further replenishes our orderbook, which stands at RM1.33 billion as at end-2022.

Outstanding
orderbook
RM1.33
billion

Highway Rest and Service Area

GFM has identified opportunities to expand our facilities services to the highway RSA business.

Our most recent undertaking is to develop and maintain the RSA along the Kuala Lumpur-Karak ("KLK") Highway. In March 2023, GFM announced the proposed acquisition of a 100% stake in Atmajaya Arvino Sdn. Bhd. ("Atmajaya") for a purchase consideration of RM9.0 million. Atmajaya was awarded the approval by the Malaysian Highway Authority (Lembaga Lebuhraya Malaysia ("LLM")) to construct and maintain the RSA in Karak, Bentong. The acquisition allows GFM access to design, build, operate, and maintain an RSA at Karak.

The upcoming RSA will feature a one-stop complex with facilities and amenities such as a food hall and restaurants, washrooms, prayer room, an agricultural retail hub ("AgroBazaar"); and two petrol stations. A distinct feature of this RSA is the Truckers' Centre, which is a designated lounge and parking area for trucker and bikers, catering to meet the needs of long-haul drivers. We intend to commence works in 2024, and to be completed in two years.

As the KLK Highway is a critical highway connecting the East and West Coast of Peninsular Malaysia, we are confident that the RSA will be well-received by highway users. Based on traffic study, the traffic volume in 2023 is projected to be 10.4 million vehicles, and is expected to grow moving forward.

Another RSA site we are looking to build and maintain is along the PLUS NSE at Bemban, Melaka. In 2023, we acquired 15% stake in Amzass (M) Sdn. Bhd. ("Amzass"), the company that was awarded a conditional approval by LLM to upgrade the existing facilities of the Northbound and Southbound Bemban lay-bys, located along the North-South Expressway, as well as to construct a petrol station and its facilities on both sides of the lay-bys. We plan to further increase our shareholding in Amzass as we move forward.

Workforce Lodging

During the year, GFM continued to provide workforce lodging facilities services at PIC Village 1 & 2 and the associated facilities at the Pengerang Integrated Complex ("PIC") in Johor. The contract is valid for a period of three years until September 2023, with the option of extending for another three years by Petroliam Nasional Berhad ("PETRONAS").



MANAGEMENT DISCUSSION & ANALYSIS



Maintenance of workers' accommodation

The revenue derived from this contract is based on the accommodation occupancy rate and as such, we expect higher contribution when the PIC undergoes a scheduled major plant turnaround, where occupancy will be at its highest. The next major plant turnaround is slated in 2024, for a period of six months.



Maintenance of water reservoir at workers' camp at PIC

This marks our second undertaking as we had previously provided workers' camp management services during the construction period of a steam cracker plant at PIC. Leveraging our expertise and experience in managing employees' accommodation, we intend to deepen our FM services in this particular area. Our goal is to create a comfortable and safe environment for workers, so they can perform their tasks effectively. We see great demand for proper accommodation with the enforcement of the amended Workers' Minimum Standards of Housing and Amenities Act 1990 ("Act 446"). Act 446 outlines the minimum requirements that employers must meet in relation to providing employee accommodation. As such, we believe that we are poised to capture these prospects ahead.

Oil & Gas

GFM has a presence in the O&G maintenance space via our investment in a downstream O&G player, Highbase Strategic Sdn. Bhd. ("Highbase"). Highbase is involved in the provision of engineering services for the O&G industry, including cleaning, repair and maintenance services of storage tanks, pressure vessels and heat exchangers in Malaysia, among others.

Highbase holds the integrated turnaround main mechanical and maintenance mechanical static ("TA4MS") contract from PETRONAS, through its 51%-owned joint venture ("JV") with Mun Siong Engineering Limited, a Singapore-based O&G integrated solutions provider, listed on the Singapore Exchange. The contract, with an estimated project value of RM247.5 million, is for a period of five years from 2019 - 2024, with an option to extend by PETRONAS.

The JV is one of the 5 JV companies who were awarded the TA4MS contract to provide plant turnaround services for the PIC in Johor.

Concession Arrangements

In FYE 2022, we continued to provide FM services at UiTM Mukah campus in Sarawak. We are continuously working towards optimising the efficiencies in managing the facility. The concession is expected to generate stable cash flow for GFM until the end of the concession period in 2035.

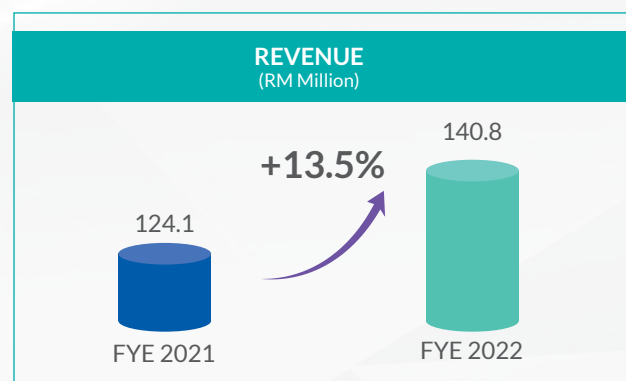
REVIEW OF FYE 2022 FINANCIAL PERFORMANCE

For FYE 2022, Group revenue climbed 13.4% year-on-year ("YoY") to a historic high of RM140.8 million, from RM124.1 million in the preceding year ("FYE 2021"). The strong performance was driven by higher contribution from the FM segment, boosted by the maiden contribution from the Group's new FM contract awarded by JKR.

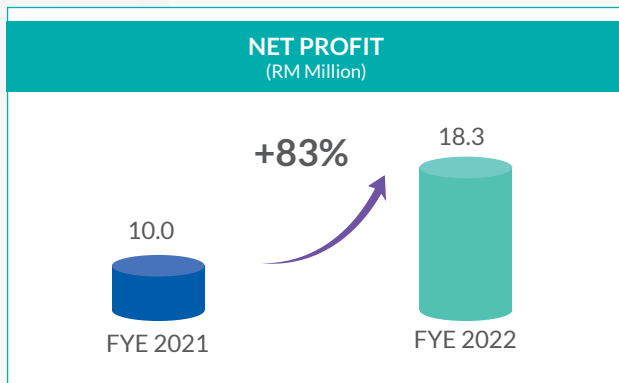
In terms of segmental breakdown, the Group's FM business remained as the anchor revenue contributor with RM102.5 million or 73% of total revenue. Meanwhile, our Concession Arrangements division posted a turnover of RM38.3 million, representing the remaining 27% of total revenue.

In tandem with higher revenue, gross profit ("GP") rose 23.0% to RM55.5 million, with an expansion of GP margin to 39.4% in FYE 2022 (FYE 2021: RM45.0 million; 36.2%).

During the year, the Group incurred lower finance costs of RM20.3 million, against RM21.1 million a year ago, mainly on the back of the repayment of borrowings.



MANAGEMENT DISCUSSION & ANALYSIS



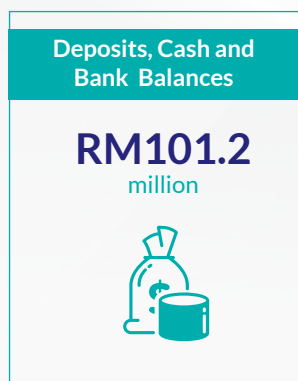
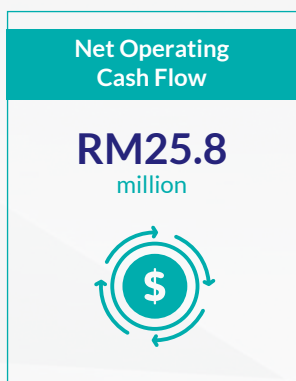
Based on the aforementioned factors, the Group's profit before tax ("PBT") increased by 60.8% to RM29.6 million in FYE 2022. Tax expense stood at RM11.3 million with a higher effective tax rate than the statutory tax rate of 24%, due to non-deductible tax expenses during the year.

For FYE 2022, GFM posted a record-breaking net profit attributable to owners of the Company ("net profit") of RM18.3 million, up 83.2% from RM10.0 million in FYE 2021.

Solid Balance Sheet

Total assets grew to RM530.3 million as at 31 December 2022, from RM512.1 million as at end-2021. The increase is mainly attributed to higher deposits, cash and bank balances amounting to RM101.2 million (FYE 2021: RM79.3 million), following the proceeds from a private placement exercise during the year amounting to RM20.6 million. As a result, the Group's net gearing ratio reduced to 0.54 times from 0.65 times a year ago. Gearing ratio is derived by dividing our net debts, which include external borrowings and lease liabilities less deposits, cash, and bank balances, by the Group's sum of shareholders' equity and net debts. As we continue to repay our debt obligations, we anticipate our gearing ratio to improve further. As we move forward, we will continue to monitor our cash reserves and debt levels.

Shareholders' equity grew to RM162.9 million as at end-2022 (FYE 2021: RM125.0 million) mainly due to a larger share capital arising from the issuance of 140.1 million new shares from a private placement exercise in FYE 2022.



The Group's net operating cash flow remained healthy at RM25.8 million as at end-2022.

Trade receivables stood at RM20.6 million as at 31 December 2022, against RM16.0 million a year ago. Trade receivables turnover stood at 53 days (FYE 2021: 47 days). We shall continue our collection efforts as we move forward.

Our financial position remains robust due to effective management of our resources. In addition to having sufficient liquidity to meet our operational needs, we continue to implement measures to conserve and manage our capital resources prudently.

MOVING FORWARD

For FYE 2023 and beyond, we remain positive on the prospects of our businesses, while being cognisant of the challenges that lie ahead. As we move forward, we will continue to closely monitor the evolving operating landscape to ensure we remain ever-ready and agile in navigating external headwinds.

For the Group's FM business, the gradual recognition of our orderbook will provide long-term earnings visibility. A majority of our outstanding orderbook, amounting to RM1.33 billion as at end-2022, is contributed by KP Mukah (RM882.0 million; until 2035) as well as the newly secured JKR FM contract (RM341.4 million; until July 2027).

While we focus on project execution, we are open to prospects that enhances GFM's competitive position. Keeping that in mind, the year ahead will see us bolstering our efforts to capture the growth opportunities in the FM market. Our focus remains on expanding our project pipeline and footprint as we pursue new FM contracts.

We see great growth potential in the workforce lodging space. The COVID-19 pandemic shone a spotlight on workers' accommodation and has led to the implementation of stricter policies in terms of workers' well-being. This will drive healthy demand from companies striving to provide proper and decent lodging and amenities for workers. Drawing on GFM's experience in providing workers' camp management services at the PIC in Pengerang, we are well-positioned to capitalise on this growing demand.

For GFM's foray into the RSA business, we are excited at the prospects and commercial benefits it presents. Upon completion of the RSAs, GFM will become the facility manager for the premises, adding to the Group's orderbook. The RSA will also provide us with multiple recurring income streams, including retail rentals and operations of the petrol station. These RSAs will feature modern and contemporary public infrastructure with full facilities, including spacious restrooms, ample parking space and a food hall, to name a few. Apart from that, we intend to bring in major convenience and food and beverage ("F&B") chains, as well as established local restaurant brands to cater to a wide pool of travellers.



MANAGEMENT DISCUSSION & ANALYSIS

To further enhance our growth, we are planning to increase our investment in Highbase, that will allow us to consolidate Highbase's earnings. Highbase is expected to benefit from increased activities at the PIC, which is set to go for a major turnaround in 2024. At the same time, PETRONAS aims to increase local procurement for plant maintenance, which bodes well for Highbase.

Within the Group, we are always striving to enhance our value proposition to customers, with the aim of becoming the go-to FM solutions provider. To achieve this, we remain dedicated to continuously upskilling our team and competencies, while staying ahead of industry trends. We will utilise our in-house GFM Enterprise Management Systems ("GEMS") and Human Resources Gamification Initiative and deploy the Internet of Things ("IoT") to optimise our customers' assets performance.

For our Concession Arrangements division, we will continue to serve our mandate with the provision of FM services at the UiTM Mukah campus for the next 12 years until the end of the concession period in 2035.

ANTICIPATED RISKS

Economic, Political and Regulatory Conditions

GFM's business is subject to ongoing risks stemming from changes in economic, political, and regulatory conditions, even beyond the COVID-19 pandemic. These risks may impact GFM's performance and require a vigilant approach to risk management. Economic risks include market volatility, inflation, and interest rates, while political risks stem from policy changes, trade agreements, or geopolitical events. Regulatory risks may emerge from industry or operational changes. To mitigate this risk, GFM will continue to closely monitor the external operating landscape and assess the potential impact on our business.

Competition Risks

As an established player in the FM industry, GFM faces ongoing competition from peers that could potentially impact our ability to secure new clients or projects, thereby affecting its financial performance. With the possibility of new entrants entering the market, the competition is likely to intensify. To remain competitive and attractive to clients, GFM is focused on leveraging on our proven capabilities, experience, and track record to differentiate itself from its peers. Additionally, GFM is committed to continuously enhancing its service offerings and providing value-added services to customers, in order to strengthen its position and capture a larger market share in the industry. By proactively addressing these competitive pressures and emphasizing our unique strengths, GFM aims to sustain its market position and drive long-term growth.

Dependence on Third-Party Contractors

GFM's operations and reputation may be impacted by third-party contractors who perform specialized functions on its behalf. To mitigate this risk, GFM works with a dedicated panel of reliable contractors with a proven track record. This helps ensure that the quality of output and compliance is consistently maintained at a high level. GFM also maintains close oversight and control over contractors' work to ensure adherence to required standards and regulations. Through these measures, GFM aims to minimize the potential impact of third-party risk on its operations and reputation.

APPRECIATION

I wish to thank Mr. Mohammad Shahrizal bin Mohammad Idris, who was re-designated from MD to Non-Independent Non-Executive Director on 9 March 2023. His contributions as the MD have been invaluable, and we appreciate his efforts and dedication to GFM's growth and success.

My deepest gratitude goes out to the management team and every member of GFM for their unwavering commitment and hard work throughout the years. Despite facing significant challenges, GFM achieved commendable performance, which is a testament to everyone's collective efforts. I am immensely proud of what we have accomplished together.

I would also like to record my heartfelt appreciation to my fellow Board members for their invaluable counsel and guidance. Their stewardship has been instrumental in building our resilience in a challenging operating environment.

Last but not least, I would like to extend my sincere thanks to our esteemed customers, shareholders, business partners, associates, suppliers, and regulatory authorities for their trust and support. Your unwavering trust in us has been pivotal in our success, and we look forward to your continued support in the future.

RUSLAN BIN NORDIN
Group Managing Director



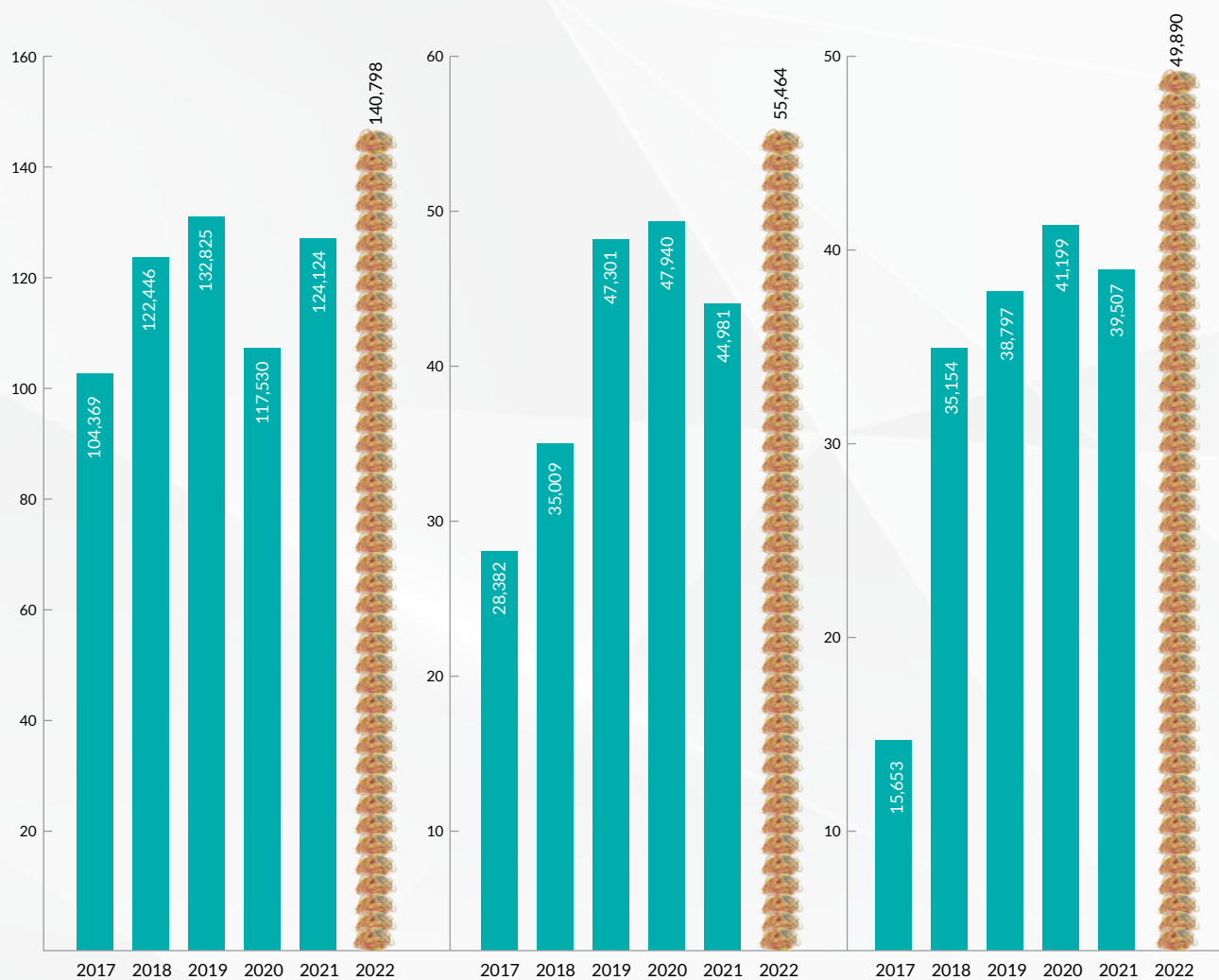
FINANCIAL HIGHLIGHTS

PROFITABILITY	FYE 2022 (RM'000)	FYE 2021 (RM'000)	FYE 2020 (RM'000)	FYE 2019 (RM'000)	FYE 2018 (RM'000)	FYE 2017 (RM'000)
Revenue	140,798	124,124	117,530	132,825	122,446	104,369
Cost of sales	(85,334)	(79,143)	(69,590)	(85,524)	(87,437)	(75,987)
Gross profit	55,464	44,981	47,940	47,301	35,009	28,382
Profit from operation <i>(including share of results of an associate)</i>	49,890	39,507	41,199	38,797	35,154	15,653
Finance cost	(20,308)	(21,074)	(23,466)	(25,380)	(3,265)	(1,032)
Profit before tax	29,582	18,433	17,733	13,417	31,889	14,621
Profit after tax (PAT)/Net profit attributable to equity holders	18,286	10,009	8,562	5,945	22,399	9,943
GP margin	39%	36%	41%	36%	29%	27%
PBT margin	21%	15%	15%	10%	26%	14%
PAT margin	13%	8%	7%	4%	18%	9%

REVENUE (RM'000)

GROSS PROFIT (RM'000)

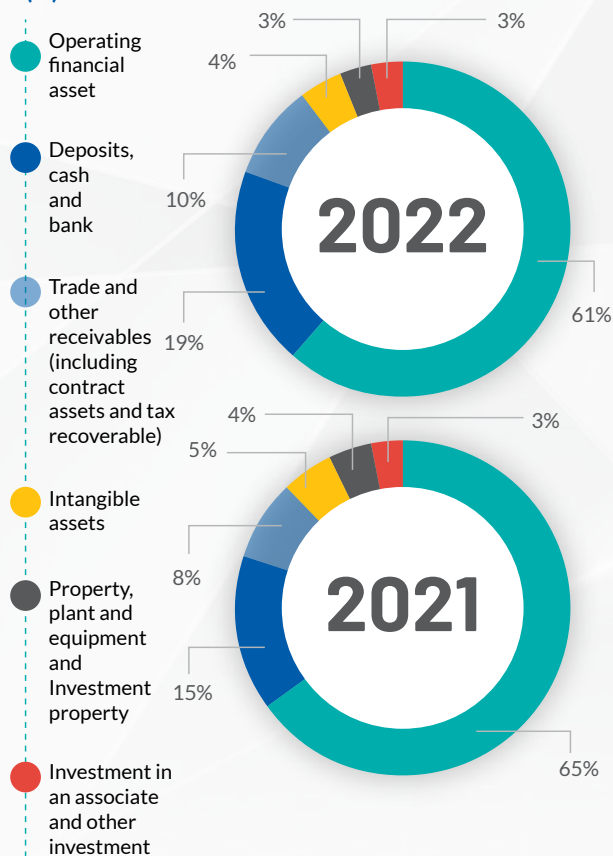
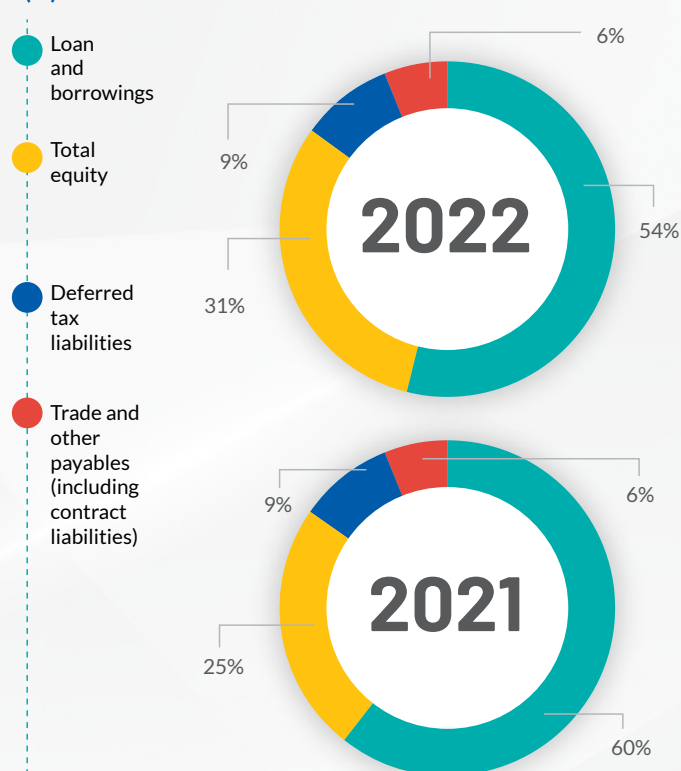
PROFIT FROM OPERATION *(including share of results of an associate)* (RM'000)



FINANCIAL
HIGHLIGHTS

KEY BALANCE SHEET DATA	FYE 2022 (RM'000)	FYE 2021 (RM'000)	FYE 2020 (RM'000)	FYE 2019 (RM'000)
Current Assets	180,185	150,150	143,889	149,242
Non-Current Assets	350,097	361,967	372,326	369,626
Total Assets	530,282	512,117	516,215	518,868
Current Liabilities	64,171	63,514	57,087	51,324
Non-current Liabilities	303,253	323,622	344,648	368,983
Total Liabilities	367,424	387,136	401,735	420,307
Total Equity	162,858	124,981	114,480	98,561
Liabilities & Equity	530,282	512,117	516,215	518,868
Trade Receivables	20,634	16,044	14,095	15,536
Trade Payables	6,866	7,226	8,007	5,884
Deposits, Cash & Bank Balances	101,187	79,285	73,378	80,194
Total Borrowings	288,789	309,761	330,766	353,994

FINANCIAL RATIOS	FYE 2021	FYE 2020	FYE 2019	FYE 2019
Net Tangible Assets (NTA) (RM'000)	140,872	101,779	90,062	72,927
NTA per ordinary shares (RM)	0.20	0.23	0.18	0.15
Return on Equity (ROE)	13%	8%	8%	6%
Cash and cash equivalents (RM'000)	51,126	32,560	25,814	28,661

ASSETS
(%)LIABILITIES & EQUITY
(%)

FINANCIAL CALENDAR

2022

26
MAY

Unaudited results for
1st Quarter ended
31 March 2022

25
AUG

Unaudited results for
2nd Quarter and half-year
ended 30 June 2022

24
NOV

Unaudited results for
3rd Quarter ended
30 September 2022

2023

28
FEB

Unaudited results for
4th Quarter and
Financial Year Ended
31 December 2022

22
JUN

**ANNUAL
GENERAL
MEETING**



SUSTAINABILITY REPORT

ABOUT THIS REPORT

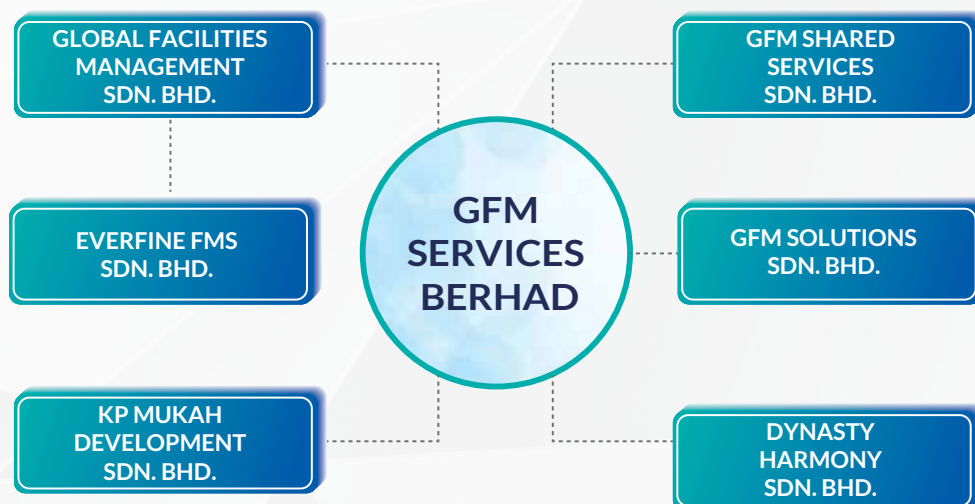
In addition to the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Global Reporting Initiative (“GRI”), this report also incorporates the 11 elements of sustainability mentioned in the Bursa Malaysia Circular titled Amendment to Enhanced Sustainability Reporting Framework released on 26th September 2022, which will take effect in 2025.

For the purposes of this year’s annual report, the objective of this section is to share the initiatives, opportunities and risk mitigation taken by GFM in adopting and implementing Environment, Social and Governance (“ESG”) strategies, principles, and initiatives for 2022.

GFM recognises that to achieve a sustainable future would require full commitment towards environmental performance, economic diversity and efficiency and social responsibility. GFM continuous emphasise on sustainable practices as a corporate social responsibility, good governance practice and health and safety practices all of which are built on values that promote sustainability.

Reporting Scope

Our sustainability report covers a 12-month period ending 31 December 2022, comprising the following GFM group of companies:



19

The scope of reporting also covers the following sites operated by GFM:

Kuala Lumpur	<ul style="list-style-type: none"> • Istana Negara • Bank Negara Malaysia, Headquarters • Bank Negara Malaysia, Sasana Kijang • Bank Negara Malaysia Tunas Kijang • Bank Negara Malaysia Data Centre
Johor	<ul style="list-style-type: none"> • Petronas Refinery and Petrochemical Corporation (PRPC) • University of Reading Malaysia (UoRM) • EduCity – Iskandar EduCity
Perak	<ul style="list-style-type: none"> • Universiti Teknologi Mara, Tapah
Sabah	<ul style="list-style-type: none"> • Pusat Pentadbiran Negeri Sabah (PPNS)
Sarawak	<ul style="list-style-type: none"> • Universiti Teknologi Mara, Mukah

Internal Assurance

The report is prepared using GRI Sustainability Reporting Standards, with the intention to improve the disclosure and engagement continuously to achieve fully-compliant GRI reporting standards by the year 2022.



SUSTAINABILITY REPORT

SUSTAINABILITY STATEMENT

GFM Services Berhad and its subsidiaries (“GFM” or “The Group”) is the leading facilities management company with diversified and extensive facilities management capabilities. We are involved in various stages of facilities management and sustainability is a key priority for our business.

GFM’s commitments are derived from and based on the principles found in our Code of Ethics and Code of Conduct. The principles uphold our mission, which is to maximise long-term value for shareholders by sustainably delivering projects to clients while providing safe, rewarding, and fulfilling careers.

The Sustainability Statement above, which in turn, is the basis of its Sustainability Policy.

SUSTAINABILITY POLICY

Sustainability is the integration of environmental, social and governance factors in decision making to maximise short and long-term shareholder value, seek competitive advantage and contribution to the safety and health of employee, community, and ecosystems.

This Policy sets out the requirements for sustainability across the Group and should be read in with: -

- GFM’s Code of Ethics and Code of Conduct
- GFM’s Procurement/Purchasing Policy Statement
- GFM’s Safety, Health, and Environmental Policy
- Ace Market Listing Requirements of Bursa Malaysia

This Policy applies to all employees of GFM and third parties engaged by GFM, which includes business partners and joint venture companies. Any employee of GFM found to have breached this Policy shall be subjected to disciplinary action.

Sustainability Policy objectives:

- Focus GFM’s efforts on managing risks and opportunities, enhancing its business performance, and supporting the long-term interests;
- Promote a culture of accountability with sustainable outcomes and improve knowledge and skills of employees;
- Integrate environmentally and socially responsible sourcing that promotes collaboration with business partners to drive innovation and create mutual value;
- Drive the efficient use of resources and continual innovation in the delivery of IFM services;
- Support the adoption and delivery of appropriate industry rating schemes and standards that drive sustainability outcomes for clients;
- Encourage initiatives and successfully deliver projects that meet client expectations; and
- Enhance GFM’s business resilience in a changing business environment.



RELEVANCE OF ESG'S ELEMENTS

ESG extends the objectives of a business, from merely focusing on profit maximization, to focusing on the three elements of corporate responsibilities, to ensure that the business is managed in a ethical and sustainable manner.

This section illustrates how the elements of ESG is relevant and adopted into GFM's operations.

1. Environment

Environmental issues are among the most significant global challenge today. GFM recognises the roles it can and should play to mitigate climate change, as well as to contribute towards sustainable use of resources through responsible energy efficiency and waste management.

Environmental element influences how GFM operates its business, taking consideration of key factors, namely:

- Waste and pollution management
- Preservation of natural resources
- Energy conservation and efficiency

2. Social

In terms of the social component of ESG, GFM has taken several steps to improve our social performance. We have implemented a diversity and inclusion program that includes training, recruitment initiatives, and employee resource groups. GFM also prioritize the health and safety of our employees and have implemented a robust occupational health and safety program.

In addition to the above, social element influences the way GFM manages relationships with its stakeholders, particularly to its:

- Employees
- Suppliers and business partners
- Clients
- Shareholders

GFM recognizes significance in fulfilling the needs of these stakeholders. However, more importantly, is the necessity to balance such fulfilments in order to ensure long term growth and sustainability.

3. Governance

Governance exists to ensure that GFM is operated, regulated, and controlled by combination of rules and processes. GFM adopts the policies mentioned earlier to establish such rules and has obtained ISO certification as attestation that the processes utilized are properly documented. The Safety, Health and Environmental, Risk Management and Internal Audit and Compliance Units exists to monitor, maintain, enforce, and improve governance.

In addition to these internal elements, GFM is also reviewed by external auditors for its financial accounts and as part of its ISO certification requirements.



SUSTAINABILITY REPORT

DERIVING GFM'S TOP 5 SUSTAINABILITY AGENDAS

GFM has taken the following steps in deriving top 5 Sustainability Agendas: -

1. Identify & Assess

GFM conducted a materiality assessment to identify and confirm the important potential ESG issues that could affect the business, both positively and negatively.

The process involved a series of interviews with senior management across the GFM Group, assessment of media reports about the GFM Group, reviews of clients and peers' sustainability reports, and referenced to recent sustainability reporting submissions.

2. Prioritise & Rank

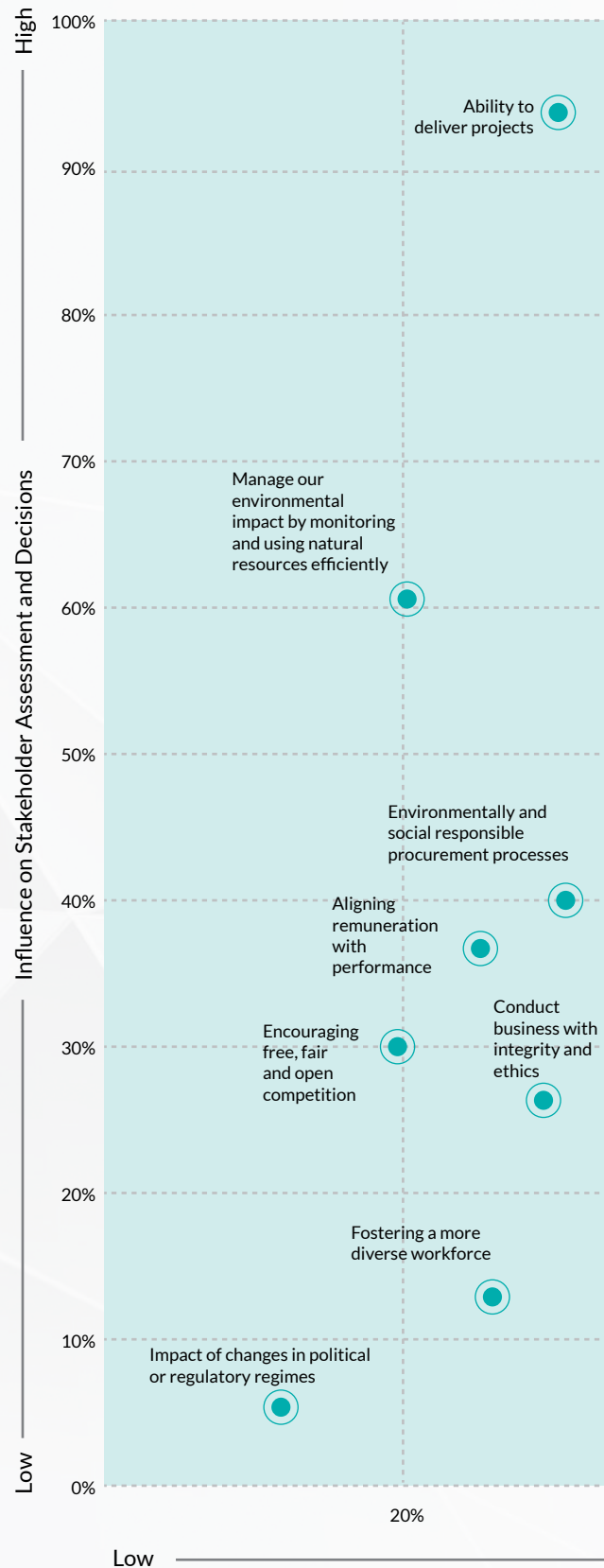
30 potential material issues have been shortlisted to form the basis of our survey. The survey was sent to a selection of stakeholders identified.

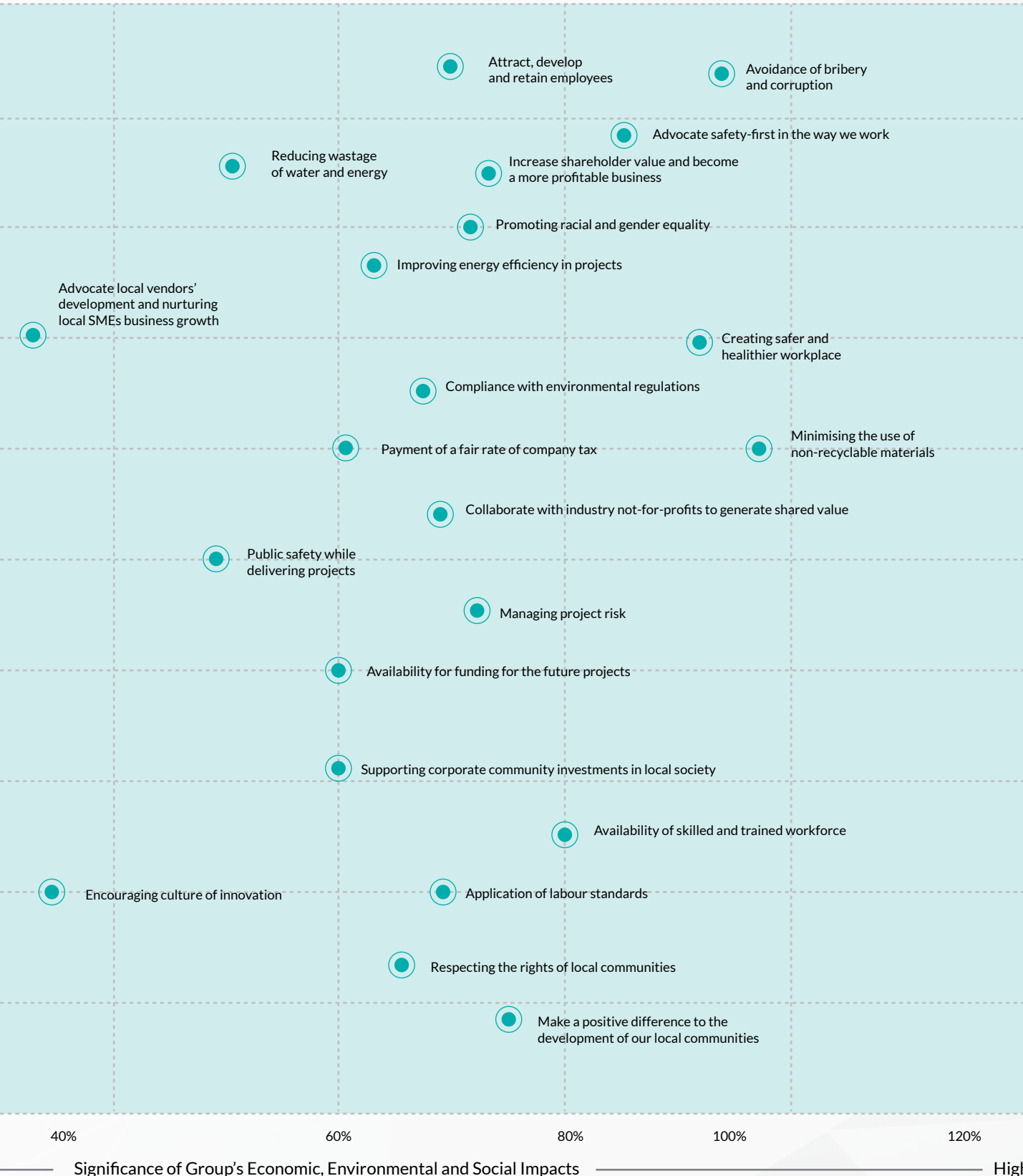
Respondents were asked to prioritise the 30 identified potential material issues which were structured using GRI Guidelines to rank, on a percentile scale, their: -

- Importance in their assessment of, and decisions regarding, the GFM Group; and
- Current or potential impact in terms of revenue, costs, investments or risks, on the medium and long-term success of the GFM Group.

Based on the analysis, a list of 5 material issues has been drawn by prioritising the issues that are important to the Group and its stakeholders.

Based on the prioritizing exercise, a list of Top 5 Sustainability Agendas is derived.





SUSTAINABILITY REPORT

GFM'S TOP 5 SUSTAINABILITY AGENDAS:

AGENDA 1 – PROVIDE SAFE, SUPPORTIVE, AND POSITIVE WORKPLACE FOR EMPLOYEES.

In line with the Bursa Malaysia circular element of "Safety and Health" GFM has given focus in providing a safe, supportive, and positive workplace by continuing the execution of the annual plan and Human Resource initiatives.

Initiatives to support this agenda include:

1) Execution of Annual Safety Plan

Every year GFM's Group Safety and Health Officer (GSHO) submits the annual safety plan to the Group Safety Committee (GSC) which is chaired by the Managing Director, with representatives from both management and staff during the first Quarterly GSC Meeting of 2022. Progress on the execution of the annual safety plan is reported to the GSC during the following quarterly meetings.

Content of the plans includes safety inspections (based on ISO 14001 and 45001), trainings and campaigns. The plans are executed at both HQ and site level.

For 2022, in addition to ISO safety inspections and food safety audit, the GSHO has introduced the following training and campaigns:

1. ISO 14001 and 45001 Awareness
2. Workplace Safety Awareness
3. Chemical Management Awareness
4. Disaster Management Roadshow
5. Fire drill simulation
6. HIRARO Training

2) Recognition of Safety Achievements and Contribution

Recognition schemes were initiated to acknowledge safety achievements occurring throughout 2022 such as 4 of GFM sites achieving more than 1 million Loss Time Injury (LTI). To sum up, no major incidents have occurred in 2022 and GFM Pengarang site received a recognition award from client.

Highlights

1. Emergency Response Team Training



GFM'S TOP 5 SUSTAINABILITY AGENDAS:

2. Fire drill simulation



AGENDA 2 - ACT WITH INTEGRITY, HONESTY & RESPECTFULLY TOWARDS VARIOUS STAKEHOLDERS

Integrity and honesty construed to be a part of circular elements “Anti-bribery & Corruption” as such collaboration between GFM’s HR and Compliance Dept have spear headed the initiatives to promote this agenda.

Initiatives to support this agenda include:

1) **Continuous enhancement and enforcement: Code of Ethics, Code of Conducts, Anti-Bribery and Corruption, and Whistle-Blowing Policies**

The existing Code of Ethics, Code of Conduct, Anti-Bribery and Corruption, and Whistle-Blowing policies and its method of execution were reviewed, and where applicable, enhancements were made.

One of the key enhancements was a roadshow to promote Anti Bribery and Corruption practices which led to the participants declaring compliance to the policy.

2) **Continuous engagement with stakeholders**

GFM continues to conduct engagement sessions with its staffs, clients, suppliers, and business partners. These engagements, done in a transparent and sincere manner creates trust between parties, and was crucial in 2022, with the challenges brought by the pandemic and economic slowdown.

2022 Highlights:

Anti Bribery and Corruption Policy Roadshow

ANTI-BRIBERY & CORRUPTION POLICY

Applicable to all Directors, Vendors, Partners and Employees of GFM



Guidelines

- Zero tolerance
- Integrity First
- Merit Based
- Compliance to Laws and Regulations
- Conflict of Interest



SUSTAINABILITY REPORT

GFM'S TOP 5 SUSTAINABILITY AGENDAS:

TYPE OF BRIBERY & CORRUPTION	
Gifts (Personal/Corporate) Money Bonus Commissions	Property Employment for Promotion Donations
VIOLATION TO ABC POLICY	
Termination Report to MACC SPRM	Legal Action by GFM Police Report

AGENDA 3 – DEVELOP A PERFORMANCE AND COLLABORATIVE CULTURE

This agenda is led by the Group Human Resource Department with support from operations at sites. It coincides with Bursa Circular elements of “Labour practices and standards” and “diversity.”

Initiatives to support this agenda include:

1) Employee engagement

Employee engagement is achieved via townhall session, briefings, surveys, and publications.

Initiatives taken in 2022 include:

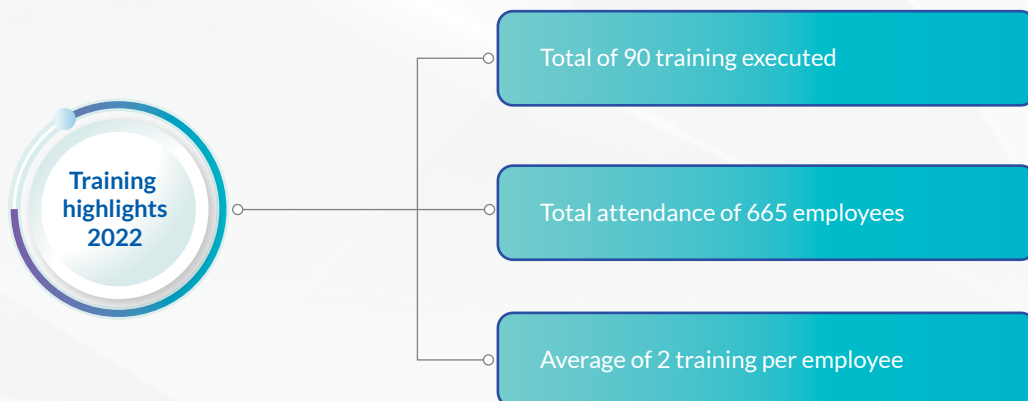
1. Internal Knowledge Sharing which focuses on best practices for the FM industry.
2. Roadshow to optimize the adoption of the revised employment regulations which took effect in January 2023.
3. Roadshow on Anti - Bribery Corruption policy to ensure integrity and ethical business practice for employees.

In addition to the above, corporate and team building events were held:

1. 19th September 2022, GFM of Board of Directors and Senior Management Retreat
2. 8th October 2022, GFM Closed Fishing Tournament (Open to GFM and subcontractors)
3. 21st November 2022, GFM Management Retreat
4. 17th December 2022, Annual Team Building UiTM, Tapah

2) Development Training Program

The Performance Management System (PMS) is a tool used to monitor staff performance as well as development needs for them to execute their daily duty as well as to promote them for new responsibilities. From this, a specific training plan is developed between subordinates and supervisor.



GFM'S TOP 5 SUSTAINABILITY AGENDAS: ●●●

AGENDA 4 – SEEK COMPETITIVE ADVANTAGE BY INNOVATING SERVICE

Innovation is crucial as part of ESG. IT, Operations and Business Excellence departments have collaborated to ensure that this agenda is achieved.

Initiatives to support this agenda include:

1) Enhancement of GFM Enterprise Management Systems (“GEMS”)

In 2022, the 17 modules and features of GEMS has been enhanced to include an additional 2 new elements:

- Attendance
- Gamification

2) Gamification Initiative

The Gamification Initiative was launched in January 2022 to produce better productivity, efficiency, and service delivery quality. It is the process of making work activity more like a game by finding ways to make it more entertaining and rewarding, by tracking staff performance via our GEMS CMMS.

Monthly top performers are rewarded in recognition of their achievements.

GFM GAMIFICATION LEADERBOARD DECEMBER 2022



3) Innovations at Site

GFM sites also contributed to its overall innovation agenda. Contributions include:

- Istana Negara: Water Harvesting System initiative
- Pengerang: You See and You Act initiative



SUSTAINABILITY REPORT

GFM'S TOP 5 SUSTAINABILITY AGENDAS:



28

AGENDA 3 – DEVELOP A PERFORMANCE AND COLLABORATIVE CULTURE

This agenda combines 4 elements from Bursa Circular, “Energy”, “Water”, “Waste” and “Emission” management.

Initiatives to support this agenda include:

1) Monitoring of Energy management for all sites

As part of our monthly and quarterly reporting to clients, a section on electricity and water management is incorporated. From this report, action plans such as awareness training and implementation of Maximum Demand Controls System are formulated.

This has resulted an average of 19.43% reduction in annual electricity consumption at site.

2) Energy Audit

For 2022, Energy Audit were conducted at UiTM Tapah.



BOARD OF DIRECTORS' PROFILE

ABDUL RAHIM BIN ABDUL HAMID

73 | MALE | MALAYSIAN

*Independent Non-Executive Director
(Board Chairman)*

Date of Appointment
18 OCTOBER 2016

Length of Service
78 MONTHS

Date of Last Re-election
24 JUNE 2021



Membership of Board Committees:

- Chairman of Board of Directors
- Member of Audit and Risk Management Committee

Academic/Professional Qualifications:

- Fellow of Association of Chartered Certified Accountants (FCCA)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)

Working Experience:

He started his career in Coopers & Lybrand (previously known as Cooper Brothers & Co) as Audit Assistant in 1971. He rose in the firm to eventually become its Managing Partner in 1993. Upon the firm merging with Price Waterhouse in 1998, he assumed the position of Deputy Executive Chairman of PricewaterhouseCoopers until he retired in June 2004.

Present Directorship(s) in other Listed Companies:

- 1) Petra Energy Berhad
- 2) Aeon Co. (M) Berhad

Mr. Abdul Rahim does not have any family relationship with any Director and/or major shareholder of GFM Services Berhad, or any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year. Mr. Abdul Rahim does not hold any ordinary share and warrant in the Company.

Mr. Abdul Rahim attended all the seven (7) Board of Directors' Meetings held during the financial year ended 31 December 2022.



BOARD OF DIRECTORS' PROFILE



RUSLAN BIN NORDIN
63 | MALE | MALAYSIAN

Group Managing Director

Date of Appointment
18 OCTOBER 2016

Length of Service
78 MONTHS

Date of Last Re-election
24 JUNE 2021

Membership of Board Committees:

None

Academic/Professional Qualifications:

- Bachelor of Engineering (Electrical & Electronic), Plymouth Polytechnic, United Kingdom
- Diploma in Electrical Engineering, Universiti Teknologi Malaysia

Working Experience:

Mr. Ruslan has been an Executive Director of the Company since his appointment to the Board on 18 October 2016. He was redesignated as Non-Independent Non-Executive Director on 1 January 2020, subsequently redesignated as Executive Vice Chairman on 2 June 2020 and subsequently redesignated as Group Managing Director on 9 March 2023.

He has more than 39 years of working experience in engineering, project management, marketing and facilities management. His previous employments include the Lembaga Letrik Negara, ABB Sdn. Bhd., Mobil Oil Malaysia Sdn. Bhd. and Propel-Johnson Controls Sdn. Bhd.

Mr. Ruslan does not have any family relationship with any Director and/or major shareholder of GFM Services Berhad, or any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year. Mr. Ruslan directly holds 61,069,260 ordinary shares representing 8.85% in the Company and indirectly holds 74,800,340 ordinary shares representing 10.83% in the company through GFM Global Sdn. Bhd. He does not hold any warrant in the Company.

Mr. Ruslan attended all the seven (7) Board of Directors' Meetings held during the financial year ended 31 December 2022.



**MOHAMMAD SHAHRIZAL
BIN MOHAMMAD IDRIS**
53 | MALE | MALAYSIAN

Non-Independent Non-Executive Director

Date of Appointment
18 OCTOBER 2016

Length of Service
78 MONTHS

Date of Last Re-election
23 JULY 2020



Membership of Board Committees:

Member of Nomination and Remuneration Committee

Academic/Professional Qualifications:

- Master of Science in Facilities Management, Universiti Teknologi Malaysia
- Bachelor of Engineering (Honours) in Mechanical Engineering, Universiti Teknologi Malaysia
- Certified, Institute of Workplace and Facilities Management, United Kingdom

Working Experience:

Mr. Mohammad Shahrizal has been an Executive Director of the Company since his appointment to the Board on 18 October 2016. He was redesignated as Non-Independent Non-Executive Director on 7 January 2020, subsequently redesignated as Managing Director on 1 March 2021 and subsequently redesignated as Non-Independent Non-Executive Director on 9 March 2023.

He has approximately 28 years of working experience in the field of engineering services and facilities management. He started his career in 1995 as a Technical Executive of GrahaTech Resources Sdn. Bhd. specialising in providing diagnostic engineering services. In 1998, he joined Mechanalysis Sdn. Bhd., an operation and maintenance company to manage various client accounts for the provision of facility maintenance services. Later in 2001, he joined Global Facilities Management Sdn. Bhd. (a wholly-owned subsidiary of GFM) as an Executive Director responsible for operations of facility management services.

Mr. Mohammad Shahrizal does not have any family relationship with any Director and/or major shareholder of GFM Services Berhad, or any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year. Mr. Mohammad Shahrizal directly holds 101,633,358 ordinary shares representing 14.72% in the Company. He does not hold any warrant in the Company.

Mr. Mohammad Shahrizal attended all the seven (7) Board of Directors' Meetings held during the financial year ended 31 December 2022.



BOARD OF DIRECTORS' PROFILE



ZAINAL BIN AMIR

63 | MALE | MALAYSIAN

Non-Independent Non-Executive Director

Date of Appointment

18 OCTOBER 2016

Length of Service

78 MONTHS

Date of Last Re-election

23 JUNE 2022

Membership of Board Committees:

- Member of Audit and Risk Management Committee

Academic/Professional Qualifications:

- Bachelor of Science in Mechanical Engineering, Sunderland University, United Kingdom

Working Experience:

Mr. Zainal Bin Amir has been an Executive Director of the Company since his appointment to the Board on 18 October 2016. He was subsequently redesignated as Non-Independent Non-Executive Director on 31 October 2019.

He has more than 39 years of working experience in mechanical engineering and project management. His previous employments include Malaysian Tobacco Company Bhd (Engineering Manager) and Mechanalysis Sdn. Bhd. (1998-2001: General Manager) before joining GFM as Business Development Director.

Mr. Zainal Bin Amir does not have any family relationship with any Director and/or major shareholder of GFM Services Berhad, or any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year. Mr. Zainal Bin Amir directly holds 94,684,961 ordinary shares representing 13.71% in the Company. He does not hold any warrant in the Company.

Mr. Zainal Bin Amir attended all the seven (7) Board of Directors' Meetings held during the financial year ended 31 December 2022.



ZAINAL ARIFIN BIN KHALID

65 | MALE | MALAYSIAN

*Independent Non-Executive Director***Date of Appointment**

18 OCTOBER 2016

Length of Service

78 MONTHS

Date of Last Re-election

23 JULY 2020

**Membership of Board Committees:**

- Chairman of Nomination and Remuneration Committee
- Member of Audit and Risk Management Committee

Academic/Professional Qualifications:

- Master of Science Degree, University of Kentucky, United States
- Bachelor of Arts Degree, California State University Chico, United States

Working Experience:

He has approximately 40 years of working experience in education, fast moving consumer goods, IT, management consulting and leadership development. His previous employments include Malaysian Tobacco Company Bhd (1983-1996: Head of IT South East Asia and Head of BAT Asia Pacific Data Centre), British American Tobacco (UK & Export) Ltd (1998-2000: Country Manager) and British American Tobacco Malaysia Berhad (2000-2008: IT Director). In 2009, he was appointed as a Director for NBO Leadership Sdn. Bhd., a strategic transformation leadership development company.

Mr. Zainal Arifin does not have any family relationship with any Director and/or major shareholder of GFM Services Berhad, or any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year. Mr. Zainal Arifin directly holds 60,000 ordinary shares representing 0.01% in the Company. He does not hold any warrant in the Company.

Mr. Zainal Arifin attended all the seven (7) Board of Directors' Meetings held during the financial year ended 31 December 2022.



BOARD OF DIRECTORS' PROFILE



Membership of Board Committees:

- Member of Audit and Risk Management Committee
- Member of Nomination and Remuneration Committee

Academic/Professional Qualifications:

- Postgraduate Diploma in Islamic Studies, International Islamic University, Malaysia
- Diploma in Corporate Treasury, Association of Corporate Treasurers, United Kingdom
- Institute of Chartered Accountants of England and Wales (ICAEW)
- Bachelor of Engineering (Hons) (Civil and Structural Engineering), University of Bradford, England
- Masters in Business Admin, University of Bradford, England

Working Experience:

He has more than 33 years of working experience in corporate finance, business development and consultancy. His previous employments include Deloitte, Haskins and Sells, Leeds, United Kingdom (1981-1988: Manager), BDO Binder Hamlyn, England (1990-1991: Corporate Finance Senior Manager), PricewaterhouseCoopers Malaysia (previously known as Price Waterhouse) (1991-1996: Corporate Finance Director-in-Charge of Privatisation), Amsteel Capital Holdings Sdn. Bhd. (1996-1998: Head, Regional Corporate Finance), Bintai Kinden Corporation Berhad (1998-2005: Vice President (Business Development/ Special Projects) and Commonwealth Secretariat, London (2008-2014: Adviser, Public Private Partnerships). He was a Trustee and the Chair of the Audit and Risk Committee of the WorldFish, and a member of the Audit and Risk Committee of CGIAR, the Consultative Group of International Agricultural Research Centres. He was a Board member of PERKESO where he also chaired the Risk Committee.

Mr. Yong does not have any family relationship with any Director and/or major shareholder of GFM Services Berhad, or any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year. Mr. Yong directly holds 60,000 ordinary shares representing 0.01% in the Company. He does not hold any warrant in the Company.

Mr. Yong attended all the seven (7) Board of Directors' Meetings held during the financial year ended 31 December 2022.

YONG HEE KONG

65 | MALE | MALAYSIAN

Independent Non-Executive Director

Date of Appointment

18 OCTOBER 2016

Length of Service

78 MONTHS

Date of Last Re-election

23 JULY 2020



ASHOK VIRENDRA SHAH
71 | MALE | SINGAPOREAN*Independent Non-Executive Director***Date of Appointment**
18 OCTOBER 2016**Length of Service**
78 MONTHS**Date of Last Re-election**
23 JUNE 2022**Membership of Board Committees:**

- Chairman of Audit and Risk Management Committee
- Member of Nomination and Remuneration Committee

Academic/Professional Qualifications:

- Member of Chartered Accountants of India
- Member of the Malaysian Institute of Accountants (MIA)
- Fellow Member of Singapore Society of Accountants
- Bachelor of Commerce (Hons) from Bombay University, India

Working Experience:

He has more than 33 years of working experience with engineering service companies in the oilfield and healthcare sectors. His previous employments include Brown & Root (1982-1986: Initially as Management Auditor for the Far East Operations and subsequently as Finance Manager), Schlumberger Group-Sedco Forex (1986-1993: Legal Accounting and Joint Ventures Manager), Schlumberger Group-Dowell Schlumberger (1986-1993: Chief Accountant), SSP Medical Technologies Sdn. Bhd. (1995-2002: Managing Director), Healthtronics (M) Sdn. Bhd. (2002-2007: Chief Executive Officer) and Faber Group Berhad (2008-2011: Senior General Manager).

Mr. Ashok does not have any family relationship with any Director and/or major shareholder of GFM Services Berhad, or any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year. Mr. Ashok directly holds 60,000 ordinary shares representing 0.01% in the Company. He does not hold any warrant in the Company.

Mr. Ashok attended six (6) out of seven (7) Board of Directors' Meetings held during the financial year ended 31 December 2022.



BOARD OF DIRECTORS' PROFILE



Membership of Board Committees:

None

Academic/Professional Qualifications:

- Master of Law (LLM) from Inns of Court School of Law, City University of London
- Master of Business Administration from Asia School of Business in collaboration with MIT Sloan, US
- Bachelor of Law from University of Manchester

Working Experience:

Ms. Tong Jia Wann has approximately 13 years of working experience in the Legal and Financial field. She is currently attached at S&P Global, having previously held positions at Albar & Partners, Petronas and Bank Pembangunan Malaysia.

In addition to her extensive legal expertise, Ms. Tong is committed to serving her community as a volunteer lawyer at the Legal Aid Centre Kuala Lumpur and as a member of LEGACY: PETRONAS Young Lawyers Association.

Ms. Tong does not have any family relationship with any Director and/or major shareholder of GFM Services Berhad, or any conflict of interest with the Company. She has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year.

TONG JIA WANN

39 | FEMALE | MALAYSIAN

Independent Non-Executive Director

Date of Appointment

12 APRIL 2023

Length of Service

N/A

Date of Last Re-election

N/A



KEY SENIOR MANAGEMENT'S PROFILE



Ahmad Suhairi Bin Samsudin
Group Director Operations
51 | Male | MALAYSIAN

Date of Appointment
1 APRIL 2019

Mr. Ahmad Suhairi joined GFM in 2019. He is the Group Director Operations and oversees the Operations of the Group. He holds a Master's in Business Administration from University Utara Malaysia.

He brings along 26 years of extensive experience in the field of Business Development, Sales & Marketing and Operations with various companies and industries ranging from Media, Logistics, Manufacturing and Education namely Media Prima Bhd, Pos Malaysia Bhd, FedEx, Panasonic and Yayasan Pelajaran Johor.

Mr. Ahmad Suhairi does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or any major shareholder of GFM Services Berhad, nor any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.



Azly Bin Ahmad Anwar
Senior Manager, Risk Management and
Compliance Department
49 | Male | MALAYSIAN

Date of Appointment
13 JANUARY 2020

Mr. Azly joined GFM's Risk Management and Compliance Department in January 2020. He graduated from the University of Buckingham with degrees in Law and in Accounting and Financial Management. Mr. Azly's previous stints include the Securities Commission, Nestle (M) Berhad, AmanahRaya Investment Management Sdn. Bhd., EastSpring Investments Berhad and QSR Brands Sdn. Bhd. in the field of Risk Management, Internal Audit, Compliance and Corporate Governance.

During his first-year with GFM, the Safety, Health and Environment ("SHE") as well as Internal Audit was added to his portfolio of administrative responsibilities to further establish independence between Internal Auditors versus Risk, Compliance & SHE. To ensure independence, both Risk Management and Internal Audit units report directly to GFM's Audit and Risk Management Committee.

Mr. Azly does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or any major shareholder of GFM Services Berhad, nor any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.



KEY SENIOR MANAGEMENT'S PROFILE



Triwana Binti Abdul Rahman
Senior Manager, Human Resources Management
45 | Female | MALAYSIAN

Date of Appointment
8 JULY 2021

Ms. Triwana joined GFM in 2018 as a Recruitment Manager overseeing both recruitment and administration. Since then, she took on the compensation and benefits portfolio in 2019. Today, heading the Human Resources Management, she strategically manages the governance of human resource that designs and implements company policies to promote a healthy work environment aims at creating operational excellence throughout the organisation.

Managing people matters is not new to her as prior to joining GFM, Ms. Triwana was a specialised recruiter in a Fortune 500 recruitment agency. She was an executive search specialist in senior manager roles up to C-Suite within Malaysia and APAC. She brings along a total of 17 years of working experience, 9 of it in Human Resources Management.

Ms. Triwana does not hold any directorship in any public companies and listed issuers. She does not have any family relationship with any Director and/or any major shareholder of GFM Services Berhad, nor any conflict of interest with the Company. She has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year.



Nursham Melati Binti Norasidi
Senior Manager, Business Development
34 | Female | MALAYSIAN

Date of Appointment
1 OCTOBER 2022

Ms. Nursham Melati joined GFM in 2022 as Senior Manager, Business Development of the Group. She holds Master of Business Administration (MBA) from Meiji University, Japan and Master of Science (MSc.) in Engineering Business Management from University of Technology Malaysia, as well as Bachelor of Quantity Surveying from International Islamic University of Malaysia.

She is responsible for driving business growth, creating development plans and identifying market opportunities for GFM. She has around 12 years of relevant industry experience in construction business development, project management, contract management and procurement from her previous employments with Ahmad Zaki Resources Berhad, AECOM Malaysia and NAZA Engineering & Construction.

Ms. Nursham Melati does not hold any directorship in any public companies and listed issuers. She does not have any family relationship with any Director and/or any major shareholder of GFM Services Berhad, nor any conflict of interest with the Company. She has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on her by the relevant regulatory bodies during the financial year.



KEY SENIOR MANAGEMENT'S PROFILE



Fauzi Bin Mohamad
Head, Special Project
49 | Male | MALAYSIAN

Date of Appointment

1 May 2021

Encik Fauzi Bin Mohamad joined GFM in 2021 as Head, Special Project of the Group. He holds Bachelor of Accountancy (Hons) from University Teknologi Mara (UiTM), Shah Alam.

Encik Fauzi Bin Mohamad has been appointed as the Head of Special Projects with the responsibility of leading the efforts to turn around Highbase Strategic Sdn Bhd, an investee company of GFM. To initiate the step-in exercise, he was seconded to Highbase Strategic Sdn Bhd on 1 June 2021. The primary goal of the turnaround plan is to transform the financial performance of Highbase Strategic Sdn Bhd from a state of loss-making or underperformance to profitability, while achieving positive net cash flow.

Encik Fauzi Bin Mohamad does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or any major shareholder of GFM Services Berhad, nor any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.



Kidman Cezeree Bin Kamarudin
Head of Department, Business Development
49 | Male | MALAYSIAN

Date of Appointment

3 April 2023

Encik Kidman Cezeree joined GFM in April 2023 as Head, Business Development of the Group. He obtained his Bachelor of Engineering in Electronic and Electrical System Engineering from Leeds Beckett University, United Kingdom. He also obtained his Master of Facilities and Maintenance Management from University of Malaya, Malaysia.

Over 25 years of working experiences across various industry. His previous employment include TIME Automation & Management Services Sdn Bhd (1997 to 2000: Project Manager for Integrated Traffic Management System at ELITE and LINKEDUA expressway), Project Penyelenggaraan Lebuhraya Berhad (2000 to 2008: Head of Special Project and Business Development Unit), Faber Mediserve Sdn Bhd (2008 to 2014: Head of Concession Monitoring and Development), Zelan Assets Management Services Sdn Bhd (2015 to 2017: Head of Assets and Facility Management) and Percetakan Nasional Malaysia Berhad (2018 to 2020 : Head of Facility Management and Engineering).

Encik Kidman Cezeree does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or any major shareholder of GFM Services Berhad, nor any conflict of interest with the Company. He has not been convicted of any offence over the past five years and there was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

WE ARE COMMITTED TO CREATE VALUE FOR OUR STAKEHOLDERS

The Board of GFM believes that good corporate governance is fundamental to the Group's continued success. The Board is committed to ensure that the highest standards of corporate governance are practised throughout GFM, as a fundamental criterion of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Company.

This overview statement sets out the commitment and describes how the Group has applied the principles and recommendations of the following:-

1. ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"); and
2. Malaysian Code on Corporate Governance ("MCCG").

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

[Practice 1.1 – Board Leadership](#) [Practice 2.1 – Board Charter](#)

The Board retains full and effective control of the Group. The Board has the primary responsibility for guiding and monitoring the business and affairs of the Group including compliance with the Company's corporate governance objectives. In giving effect to the Board Charter, each Director will at all times act honestly, fairly and diligently in all respects in accordance with the law applicable to the Company. Each Director will at all times act in the interests of shareholders of the Company and of the Company as a whole, and will have regard to the interests of employees and customers of the Group and the community and environment in which the Group operates.

As set out in the Board Charter, the Board is responsible to shareholders for the management and performance of the Group, including the following matters:-

- Evaluating, approving and monitoring the Company's strategic and financial plans for the Group;
- Evaluating, approving and monitoring the annual budgets and business plans and evaluating the Group's performance in relation to them;
- Evaluating, approving and monitoring the progress of major capital expenditure, capital management, acquisitions, divestitures and all major corporate transactions including the issue and buy-back of any securities of the Company;

- Monitoring major litigation;
- Approving all financial reports to be published and related stock exchange announcements;
- Monitoring other material reporting and external communications by the Company;
- Approving the dividend policy and payment of dividends;
- Succession planning, evaluation and appointments;
- Appointing external auditors (subject to shareholders' approval); and
- Considering and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

The salient features of the Board Charter had been uploaded on the Company's website at www.gfmservices.com.my.

The Board has delegated specific responsibilities to various Board Committees namely the Audit and Risk Management Committee ("ARMC") and the Nomination and Remuneration Committee ("NRC") 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 Committees. 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 Chairman of the various Committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

For certain day-to-day operations, the Board has delegated authorities and powers to management with the prescribed limits of authority.

[Practice 1.2 and 1.4 – The Board Chairman](#) [Practice 1.3 – Separation in the Roles of Chairman and CEO](#)

To ensure balance of power and authority, accountability and independent decision making, the roles of the Chairman and the Group Managing Director are distinct and separated.

The position of Chairman is held by Mr. Abdul Rahim Bin Abdul Hamid, an Independent Non-Executive Chairman of the Company. The Group Managing Director, Mr. Ruslan Bin Nordin 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. The Executive Directors are involved in the day-to-day management of the Company.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The positions of Chairman and Executive Director are held by different individuals. 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. Whilst the Executive Director is responsible for making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies.

The distinct and separate roles of the Chairman and Group Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Board Chairman is also a member of the Audit and Risk Management Committee ("ARMC").

The Board Chairman was invited to participate in the Nomination and Remuneration Committee ("NRC") Meeting as the committees are of the view that the Board Chairman's input and contribution are valuable to the review process.

Practice 1.5 – Company Secretary

Every Director also has unrestricted access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. In the event that the Company Secretary fails to fulfil her functions effectively, the terms of the appointment permit their removal and appointment of successor which is a matter for the Board to decide.

The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, the Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary is suitably qualified, competent and capable of carrying out the duties required and has attended trainings and seminars conducted by relevant regulatory bodies to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the ACE LR of Bursa Securities.

The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Rule 14 of the ACE LR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minuted and documented by the Company Secretary.

Practice 1.6 – Information and Support for Directors

The Board endeavours to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance at the commencement of the financial year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

The Board met seven (7) times during the FYE 2022 and the attendance records of each Director at the Board Meetings is set out below:-

Name of Directors	Attendance at Meeting	Total Attendance
Abdul Rahim Bin Abdul Hamid - Independent Non-Executive Director (Board Chairman)	7/7	100%
Ruslan Bin Nordin - Group Managing Director	7/7	100%
Mohammad Shahrizal Bin Mohammad Idris - Non-Independent Non-Executive Director	7/7	100%
Zainal Bin Amir - Non-Independent Non-Executive Director	7/7	100%
Zainal Arifin Bin Khalid - Independent Non-Executive Director	7/7	100%
Yong Hee Kong - Independent Non-Executive Director	7/7	100%



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Directors	Attendance at Meeting	Total Attendance
Ashok Virendra Shah - Independent Non-Executive Director	6/7	85%
Tong Jia Wann - Independent Non-Executive Director (Appointed on 12 April 2023)	N/A	N/A

The Key Senior Management staff and/or external advisors may be invited to attend Board meetings to advise the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a decision.

At least seven (7) days prior to each Board meeting, members of the Board will be provided with an agenda and a set of Board papers containing reports and other relevant information detailing various aspects of the Group's operations and performance to enable them to make informed decisions. The Board papers may include financial, strategic and corporate proposals that require the Board's deliberation and approval.

The Senior Management, External Auditors and/or Internal Audit Unit ("IAU") of GFM may be invited to attend the Board meetings, if required, to provide additional information on the relevant agenda tabled at the Board meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings. The Board members are required to notify the Board prior to their acceptance of new directorships in other companies with indication of time that will be spent on the new appointment.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary.

Besides Board meetings, the Board also exercises control on matters that require its approval through the circulation of resolutions.

Board meetings were held to discuss matters that require members' input and decision. The Chairman ensures that all Directors have full and timely access to information. Prior to the meetings of the Board and the Board Committees, notice of agenda together with previous minutes and other relevant information were circulated to all Directors on a timely basis in order to enable the Directors to be well informed and briefed before the meetings.

All Directors also have full and free access to information within the Group and can as individual Director or as a full Board have unrestricted access to all information pertaining to the Group's business and affair. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the expense of the Group, in furtherance of their duties.

The External Auditors also briefed the Board members on the Financial Reporting Standards that would affect the Group's financial statements during the financial year.

Practice 3.1 – Establishing and Implementing a Code of Conduct and Ethics

The Board acknowledges and emphasises the importance for all Directors and employees of the Group to embrace the highest standards of corporate governance practices and ethical standards.

In this respect, the Board has formalised a Code of Ethics and Code of Conduct. These codes are aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations.

The Code of Ethics and Code of Conduct had been uploaded on the Company's website at www.gfmservices.com.my.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Practice 3.2 - Establishing and Implementing Whistle-Blowing Policies and Procedures

To enhance corporate governance practices across the Group, a Whistle-Blowing Policy was adopted which provide directors, employees, shareholders, vendors or any parties with a business relationship of the Group with an avenue to report suspected wrongdoings that may adversely impact the Group.

The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, as far as possible, be protected from reprisal, harassment or subsequent discrimination.

The salient features of the Whistle-Blowing Policy had been uploaded on the Company's website at www.gfmservices.com.my.

The Board also adopted the Anti-Bribery and Corruption Policy to set out the Group approach in combating bribery and corruption on 15 April 2020, the said policy has been made available on the Company's website.

II. Board Composition

Practice 4.1 - Responsibility for the Governance of Sustainability

The Board is responsible to oversee the Group's sustainability agenda, practices, strategies and performance supported by the Management. The Management is tasked to integrate sustainability considerations in the day-to-day operations of the Group and ensuring the effective implementation of the Group's sustainability strategies and plans.

The Terms of Reference of the ARMC has been revised to provide the explicitly ARMC's responsibilities to review the Group's sustainability policies, goals and risks periodically.

The Sustainability Report of the Group which provides an overview of the sustainability performance for the financial year ended 31 December 2022, is set out on pages 19 to 28 of the Annual Report 2022.

Practice 4.2 - Effective Communication with Stakeholders

The Company believes in transparency and open lines of communication with all the stakeholders. Transparency and communication are fundamental components of good corporate governance and serve to build vital relationships of trust the Company maintained with its stakeholders.

The Company engages its stakeholders through various means of communication to enable them to more understand the Group's business operation and seek their feedbacks and inputs on several matters relevant to them. The Group identified them through issues which are material based on their impact to the Group's operation and the number of stakeholders affected.

The Company strives to maintain an open and two-way communication with its employees to discuss, among others, the Company's performance and growth strategies. The Group Managing Director has presented to the shareholders on the Group's overview, business model, strategy plans and financial review during the Annual General Meeting ("AGM").

Practice 4.3 - Sustainability Issues

The Board took note of the importance of the sustainable development. The Company had formed a Management Committee to address the sustainability issues relevant to the Group and its business in order to achieve sustainable long-term value.

Practice 4.4 - Performance Evaluations of the Board

The Company is looking into developing the criteria and KPI to evaluate the performance of the Board and senior management in addressing the material sustainability risk and opportunities.

Practice 5.1 - Responsibilities of Nomination Committee

Practice 5.7 - Appointment and Reappointment of Directors

The NRC was formed to assist the Board on 16 October 2016. The NRC had performed Board assessment on annual basis to ensure that the right group of people with appropriate mix of skill was appointed.

The NRC also conducted an assessment of Directors who are seeking for re-election at the forthcoming 10th AGM and concluded that Mr. Mohammad Shahrizal Bin Mohammad Idris, Mr. Zainal Arifin Bin Khalid, Mr. Yong Hee Kong and Ms. Tong Jia Wann are eligible for re-election. The Board had approved and proposed the re-election of Mr. Mohammad Shahrizal Bin Mohammad Idris, Mr. Zainal Arifin Bin Khalid, Mr. Yong Hee Kong and Ms. Tong Jia Wann at the coming AGM.

The Board had revised its Board Charter on retaining an Independent Director after a cumulative term of nine (9) years by seeking annual shareholders' approval through a two-tier voting process to be in line with the MCCG 2021.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of the Directors seeking re-election at the AGM including their qualification, working experience, directorship in other public listed company, relationship with any director or major shareholder and conflict of interests with the Company are set out in the Profile of Directors section as disclosed in the Annual Report 2022.

The details of the interest of the Directors in the securities of the Company and attendance at Board of Directors' Meetings held during the financial year ended 31 December 2022 are also disclosed in the Annual Report.

[Practice 5.2 – Presence of Independent Directors on the Board](#)
[Practice 5.6 – Appointment of Directors](#)

The principle emphasises the importance of right Board composition in bringing value to the Board deliberation and transparency of policies and procedures in selection and evaluation of Board members.

The Board currently has eight (8) members, consisting of one (1) Independent Non-Executive Chairman, four (4) Independent Non-Executive Directors, two (2) Non-Independent Non- Executive Directors and one (1) Executive Director.

The Company complies with the criteria of ACE LR of Bursa Securities ensuring that at least two (2) Directors or one-third (1/3) of the Board of Directors, whichever is the higher, are independent directors.

The profiles of each of the Directors are presented on pages 29 to 36 of the Annual Report 2022.

The current composition of the Board is well balanced with the presence of Independent Non-Executive Directors of the necessary calibre to carry sufficient weight in the Board's decision-making process. All Independent Non-Executive Directors are independent of management duties and they do not have any family relationship with any of the other Board members which could interfere with their exercise of independent judgement during the decision-making process of the Board or the ability to act in the best interest of the Company and its shareholders.

The Executive Director are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the management.

The Independent Non-Executive Directors are responsible in exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long-term interest of all stakeholders.

The Independent Non-Executive Directors have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision making process of the Board.

The Independent Non-Executive Directors act as a bridge between the management and stakeholders, particularly, shareholders. The Independent Non-Executive Directors provide relevant checks and balances and ensure that high standards of Corporate Governance are applied.

The decision of the Board is done collectively without undue influence or dominance by any individual Director or group of Directors.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

Potential candidates from external sources such as Institute of Corporate Directors Malaysia and NAM Institute for the Empowerment of Women shall be consider for future appointments.

[Practice 5.3 – Tenure of Independent Directors](#)

The Board has adopted the policy that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's redesignation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting. In justifying the decision, the NRC is entrusted to assess the candidate's suitability to continue as an Independent Non- Executive Director based on the criteria on independence and the candidate's performance.

There are four (4) Independent Directors were appointed on 18 October 2016 and one (1) Independent Directors was appointed on 12 April 2023. At this juncture, their term of service as Independent Directors is less than nine (9) years.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Should the tenure of an Independent Director exceed nine (9) years, shareholders' approval will be sought at an AGM or if the services of the Director concerned are still required, the Director concerned will be redesignated as a Non-Independent Director.

[Practice 5.5 – Sourcing of Directors](#)

The NRC will recommend to the Board on suitable candidates for appointment as Board members, member of Board Committees and Executive Directors of the Company based on the following evaluation criteria:-

- Skills, knowledge, expertise and experience;
- Professionalism;
- Time commitment to effectively discharge his role as a director;
- Contribution and performance;
- Character, integrity and competence;
- Boardroom diversity including gender diversity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities and functions as are expected from Independent Non-Executive Directors.

The NRC will arrange for the induction of any new Directors appointed to the Board to enable them to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

[Practice 5.9 – Gender Diversity](#)

As at the date of issuance of this report, there is one women Director on Board.

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

The Board shall seek candidates from external bodies such as Institute of Corporate Directors Malaysia and NAM Institute for the Empowerment of Women, in addition to candidates proposed internally.

[Practice 5.10 – Policy on Gender Diversity](#)

The Board currently does not have a formal policy on its boardroom or gender diversity. The evaluation and selection criteria of a Director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the new Board member. Formal policy shall be adopted by end of Quarter 2 of 2023.

[Practice 5.8 – Chairmanship of the Nomination Committee](#)

[Practice 7.2 – Remuneration Committee](#)

The NRC comprises of four (4) members who are the Independent Non-Executive Directors as follows:-

No.	Name	Designation
1)	Zainal Arifin Bin Khalid	Chairman
2)	Ashok Virendra Shah	Member
3)	Yong Hee Kong	Member
4)	Mohammad Shahrizal Bin Mohammad Idris	Member

There were four (4) NRC Meetings held for the FYE 2022.

The NRC had reviewed and assessed the size of Board, required mix of skills, experience, performance and contribution of Directors, effectiveness of the Board as a whole, independence of Independent Directors and training courses required by the Directors and is satisfied with the current composition and performance of the Board for the FYE 2022.

The NRC has considered the performance and contribution of the Directors who stand for re-election at the forthcoming AGM to determine whether they are eligible for re-election. The NRC will recommend the re-election of Directors to the Board for approval. All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

With the current composition, the NRC opines that all the Board members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have many years of experience on the Boards of other companies and/or also as professionals in their respective fields of expertise.

[Practice 6.1 – Evaluation for Board, Board Committees and Individual Directors](#)

[Practice 9.5 – Directors' Training](#)

The Board, through the NRC, undertakes the process to assess the effectiveness and performances of each individual Director annually. The assessment is based on each Director's contribution to interaction, roles and duties, personal attributes, attendance record and training activities attended. Assessment criteria shall be extended to include the elements mentioned in GFM Fit and Proper Policy (adopted by the Board in May 2022). Such criteria include Personal Integrity, as well as Time and Commitment.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Independent Non-Executive Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Non-Executive Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, considering the interest of all stakeholders in the Group.

An assessment on the independence of the Directors based on the provisions of the ACE LR of Bursa Securities is carried out before the appointment of any new Independent Non-Executive Director. Further, the Board with the assistance from the NRC will undertake to carry out annual assessment of the effectiveness of the Board, as a whole, including Independent Non-Executive Directors and consider whether the Independent Non-Executive Director can continue to bring independence and objective judgment to Board deliberations.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

For the FYE 2022, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the ACE LR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Talks, seminars and training programmes attended by Directors during the FYE 2022 are as follows:-

Name of Directors	Date	Seminar / Training Course Title
Zainal Arifin Khalid	7 April 2022	Securities Commission – Audit Oversight Board Conversation with Audit Committees
	19 May 2022	ICDM – How Boards Should Rethink Their Talent Strategy
	17 June 2022	MICG – AI for Non-AI Personnel
	22 June 2022	Cascade Strategy - Strategy Fest 2022
	28 July 2022	McKinsey Live – Building Resilience Amid Economic Uncertainty
Ashok Virendra Shah	4 April 2022	Updated Malaysian Code on Corporate Governance
	25 & 26 April 2022	Basics of Climate Change and Organisational Greenhouse Gas Accounting
Mohammad Shahrizal Bin Mohammad Idris	12 May 2022	Building a Board-Worthy Executive Team by MICG
	13 May 2022	Seminar on Sustainability & Staying Relevant in the Facility Management Industry by University Teknologi Malaysia
	27 September 2022	Smart Nation Forum 2022 – Accelerating the Digital Economy by AMB Tarsus Exhibition & MOSTI
	30 September 2022	Seminar on Building Company of Integrity by MICG
	13 November 2022	3rd Facilities Management Asia Conference 2022 by MAFM
Abdul Rahim Bin Abdul Hamid	15 February 2022	Board Effectiveness Engagement
	7 April 2022	Audit Oversight Board's Discussion
	31 May 2022	AEON's Partners' Conference
	8 & 9 June 2022	Malaysia Institute of Accountants' Conference
	8 September 2022	FCD C Series Training
	2 & 3 October 2022	Anti-Bribery Training



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Name of Directors	Date	Seminar / Training Course Title
Yong Hee Kong	25 January 2022	2022 Malaysia Economic and Strategic Outlook Forum
	24 February 2022	Malaysia's Digital Economy
	17 February 2022	Does It Matter How Central Banks Accumulate Reserves? Evidence from Sovereign Spreads
	22 February 2022	The National Transport Summit 2022
	29 March 2022	Malaysian Banking and Finance Summit
	28 March 2022	Society 5.0 technology-Focused, Human-Centred
	9 March 2022	Malaysian Outlook Conference 2022
	20 April 2022	The Future of 5G
	31 May 2022	Asia Economic and Entrepreneurship Summit 2022
	25 May 2022	Artificial Intelligence and the Future of Cybersecurity
	5 May 2022	Ethnic Diversity and Forest Commons
	14 June 2022	Malaysia Economic Summit 2022
	12 July 2022	Malaysian Housing and Property Summit
	10 August 2022	The Politics of Biodiversity Loss: International Responses and Malaysia
	19 October 2022	Global Muslim Business Forum 2022
	15 November 2022	Latest Publication of WBEAPCE Economic Update Report
	25 November 2022	The New Era in today's China by Koh King Kee
7 December 2022	Global Chinese Economic and Technology Summit	
1 December 2022	Highlights on RCEP	

All Directors of the Company had attended the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of public listed companies.

During the FYE 2022, the External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statement.

III. Remuneration

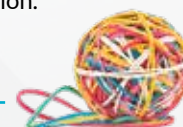
Practice 7.1 and 7.2 – Remuneration Policy and Procedure for Directors and Senior Management

In general, the component parts of the remuneration for Executive Directors are structured so as to link rewards to corporate and individual performance of the Executive Directors. The remuneration of the Executive Directors includes salaries and other emoluments, bonus, fees and benefits in kind.

The level of remuneration for the Independent Non-Executive Directors reflects the experience and level of responsibilities undertaken by the particular Independent Non-Executive Director concerned. Currently the Non-Executive Directors are paid with Director's fees and attendance allowance for Board/general meetings they attended.

The Company's remuneration policy for Directors is formulated to attract and retain competent individuals. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors.

The NRC is entrusted with the responsibilities to make recommendations on the remuneration package for the Executive Directors to the Board. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Practice 8.1, 8.2 and Step Up 8.3 – Disclosure of Remuneration

The details of the remuneration of the Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the FYE 2022 are as follows:-

Company Level

Name of Directors	Salaries and other emoluments* (RM)	Fees (RM)	Attendance Allowance (RM)	Benefits in Kind (RM)	Total (RM)
Executive Director					
Ruslan Bin Nordin ¹	317,365	12,000	15,000	-	344,365
Independent Non-Executive Directors					
Abdul Rahim Bin Abdul Hamid	-	84,000	32,500	-	116,500
Zainal Arifin Bin Khalid	-	72,000	29,500	-	101,500
Yong Hee Kong	-	72,000	25,500	-	97,500
Ashok Virendra Shah	-	72,000	25,000	-	97,000
Tong Jia Wann ³	-	-	-	-	-
Non-Independent Non-Executive Directors					
Zainal Bin Amir	-	72,000	19,500	-	91,500
Mohammad Shahrizal Bin Mohammad Idris ²	399,279	12,000	15,000	-	426,279
TOTAL	716,644	396,000	162,000	-	1,274,644

* Other emoluments include salaries, bonuses, allowance, Employees Provident Fund contributions, Employment Insurance System contributions and SOCSO contributions.

Note:-

1. Redesignated from Executive Vice Chairman to Group Managing Director on 9 March 2023.
2. Redesignated from Managing Director to Non-Independent Non-Executive Director on 9 March 2023.
3. Appointed on 12 April 2023

Subsidiary Level

Name of Directors	Salaries and other emoluments* (RM)	Fees (RM)	Attendance Allowance (RM)	Benefits in Kind (RM)	Total (RM)
Executive Directors					
Ruslan Bin Nordin	1,785,000	16,000	-	-	1,801,000
Zainal Bin Amir	-	96,000	-	-	96,000
Mohammad Shahrizal Bin Mohammad Idris	1,785,000	16,000	-	-	1,801,000
TOTAL	3,570,000	128,000	-	-	3,698,000

* Other emoluments include salaries, bonuses, allowance, Employees Provident Fund contributions, Employment Insurance System contributions and SOCSO contributions.



CORPORATE GOVERNANCE
OVERVIEW STATEMENT**Remuneration Bands**

The details of the remuneration of the top five (5) Senior Management (including salary, bonus, benefit in kind and other emoluments) in each successive bands of RM50,000 during the FYE 2022 are as follows:-

Range of Remuneration per annum	Designation of Top Senior Management
RM100,001 – RM150,000	Senior Manager, Human Resource Management
RM150,001 – RM200,000	1) Head of Finance 2) Senior Manager, Risk Management and Compliance Department
RM200,001 – RM250,000	1) Chief Customer Officer (redesignated to Group Director Operation w.e.f. January 2023) 2) Head, Special Project

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT**I. Audit and Risk Management Committee****Practice 9.1 and 9.5 – Chairman of the Audit and Risk Management Committee**

The Audit Committee was established on 18 October 2016. Subsequently, the Audit Committee was renamed as Audit and Risk Management Committee on 26 February 2019.

The ARMC comprises of five (5) Non-Executive Directors, majority of whom are Independent Directors, including the Chairman as follows:-

No.	Name	Designation	Directorship
1)	Ashok Virendra Shah	Chairman	Independent Non-Executive Director
2)	Abdul Rahim Bin Abdul Hamid	Member	Independent Non-Executive Director, Board Chairman
3)	Yong Hee Kong	Member	Independent Non-Executive Director
4)	Zainal Bin Amir	Member	Non-Independent Non-Executive Director
5)	Zainal Arifin Bin Khalid	Member	Independent Non-Executive Director

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Both the ARMC Chairman and BOD Chairman are not the same person.

The Chairman of the ARMC, Mr. Ashok Virendra Shah is a member of Chartered Accountants of India, member of the Malaysian Institute of Accountants (MIA), and fellow member of Singapore Society of Accountants. Whereas the Board Chairman, Mr. Abdul Rahim Bin Abdul Hamid is a fellow of Association of Chartered Certified Accountants (FCCA) and member of the Malaysian Institute of Certified Public Accountants (MICPA).

The composition of the ARMC and the qualification of the members comply with Rule 15.09 (1) of the ACE LR of Bursa Securities.

Practice 9.2 and 9.3 – Oversight of External Auditors by the Audit and Risk Management Committee

As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy that governs the appointment of a former key audit partner to the ARMC.

The policy, which is codified in the ARMC's Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least three (3) years before he/she can be considered for appointment as a Committee member.

To-date, the Company has not appointed a former audit partner to be a member of the ARMC.

The ARMC and Board place emphasis on the objectivity and independence of the external auditors in providing true and fair report to the shareholders. Through the ARMC, the Board maintains a transparent relationship with the IAU and External Auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The ARMC is empowered to communicate directly with the IAU and External Auditors of GFM and vice versa to highlight any issues of concern at any point in time.



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The IAU met the ARMC every quarter during the FYE 2022 to discuss the nature, scope of the audit, internal controls and issues that may require the attention of the ARMC or the Board. The audit plan was also tabled to the ARMC for discussion.

The audit and non-audit fees for services rendered by the External Auditors to the Group for the FYE 2022 are RM346,000 and RM6,000 respectively.

The External Auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

In compliance with ACE LR of Bursa Securities and the MCGG, the ARMC within its duties reviews the scope of work, independence, objectivity and findings and recommendations of the audits conducted by both the IAU and External Auditors.

The ARMC also made arrangements to meet and discuss with the External Auditors separately without the presence of management on any matters relating to the Group and its audit activities.

Practice 9.4 – Independence of the Audit and Risk Management Committee

The Board recognises the importance of independence and objectivity in its decision making process which is in line with the MCGG.

The Directors with their different backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, legal, marketing and operations. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors contribute their knowledge and experience towards formulating policies and in the decision-making process. They do not engage in day-to-day management of the Company and do not participate in any business dealings with the Company. The Independent Non-Executive Directors also bring with them objective and independent judgement to decision-making and provide a check and balance for the Executive Directors.

The Independent Non-Executive Directors on the Board who are neither related to any Director and/or major shareholders nor have any conflict of interests of the shareholders and the Group ensures that the interests of the shareholders and the Company are adequately protected.

II. Risk Management and Internal Control Framework

Practice 10.1 and 10.2 – Risk Management and Internal Control Framework

The Board has overall responsibility of maintaining a system of internal controls and risk management which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures.

To ensure the independence of the internal audit function, the annual Audit Plan and scope of review is reviewed and approved by the ARMC.

GFM acknowledges that in order to further enhance the independence of Internal Audit Unit, the Head of Internal Audit who is independent from the Senior Manager Risk Management and Compliance shall be appointed.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them and to provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Risk Management is regarded by the Board to be an integral part of the system of internal control and is a good management practice that strengthens the business planning processes. The Group has an ongoing and systematic risk management process to identify, evaluate and manage the significant risks and to ensure that appropriate risk treatments are in place to mitigate those risks affecting the achievement of the Group's business objectives. This ongoing process is undertaken at all the major subsidiaries of the Group, as well as collectively at the Group level.

The Board regularly reviews internal control issues identified by internal auditors, management and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems. The Group's key elements of internal control are as follows:-

1. Clearly defined delegation of responsibilities to management and operating units, including authorisation levels for key aspects of the business.
2. Clearly documented internal policies, guidelines, procedures and manual, which are updated from time to time.
3. Regular meetings are held at operational and management to identify and resolve business, financial, operational and management issues and address weakness and improve efficiency.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

4. Engagement of solicitors, financial advisors and relevant professional services as may be required in respect of any corporate exercise undertaken by the Group.
5. Financial results are reviewed on a quarterly basis by the Board and ARMC.
6. Informal Board and management meetings at operational level are held during the financial year to assess performance and controls.

Practice 11.1 and 11.2 – Effectiveness of an Internal Audit Function

The Board has mandated the ARMC with the overall responsibility of ensuring adequacy, completeness and effectiveness of the internal control system and risk management. The ARMC undertakes periodic reviews and monitors the compliance to these systems via the internal audit function who carries out audit checks on such control processes and provides feedback on its effectiveness and compliance at the operating level. Any weaknesses or variances reported by the IAU to the ARMC will be turned into management actions to rectify any weaknesses in those control processes.

The Group's internal audit function is carried out by the IAU. IAU reports to the ARMC during the quarterly ARMC meetings and whenever called by the Committee.

The IAU is free from any relationships or conflicts of interest, which could impair their objectivity and independence. The IAU who reports directly to the ARMC are given full access to all the documents relating to the Company's and Group's governance, financial statements and operational assessments.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Engagement with Stakeholders

Practice 12.1 – Communication with Stakeholders

The Group recognises the importance of communication with its shareholders and utilises many channels to disseminate information and to interact with them. To augment the process of disclosure, the Group has a website in which shareholders and the public can access up-to-date information about the business and the Group. The Group's website can be accessed via www.gfmservices.com.my.

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders. Steps will be taken to formalise pertinent corporate disclosure policies to comply with the disclosure requirements as stipulated in the ACE LR of Bursa Securities, and to set out the persons authorised and responsible to approve and disclose material information to shareholders and 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.

II. Conduct of General Meetings

Practice 13.1 – Notice of General Meeting

The Notice of the AGM will be circulated at least twenty-eight (28) days prior to the date of the AGM to enable shareholders to have sufficient time to peruse the Annual Report and papers supporting the resolutions proposed.

The sufficient time was given to the shareholders to allow them to make the necessary arrangements to attend and participate in person.

Pursuant to Rule 8.31A(1) of the ACE LR of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and its intended to be moved at the general meeting, is voted by poll.

Hence, all resolutions as set out in the notice of the Company's forthcoming AGM will be voted by poll.



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[Practice 13.2 – Attendance of Directors at General Meetings](#)

The AGM is the principal forum for dialogue with the shareholders. All the Directors would be invited to attend and participate at the AGM. The Board encourages shareholders to attend the AGM and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group.

The ARMC is available at the AGM to answer questions and consider suggestions. The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

[Practice 13.3 – Electronic Voting](#)

Due to COVID-19 Pandemic, the Company's 9th AGM has been conducted fully virtual. The AGM was conducted through live streaming and online poll voting whereby shareholders and proxies can access and participate remotely. With objective to keep our shareholders safe, this also can encourage participation of all shareholders in AGM.

[Practice 13.4 – General Meetings](#)

[Practice 13.5 – Conduct of Virtual General Meeting](#)

Shareholders are encouraged to participate and vote remotely during the Company's AGM using the Virtual Meeting Facilities. A registration link was provided to the shareholders in the Administrative Guide, which is released together with the Notice of AGM and made available on the Company's website and Bursa Securities' website.

Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or click onto the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time within the Q&A Box at the bottom of the messaging screen. Any questions can be submitted at any time until the announcement of the closure of Q&A session.

The Directors and Management had answered all the questions submitted prior or during the meeting during the Q&A session.

All Directors and Senior Management had attended the fully virtual AGM held on 23 June 2022 to engage directly with shareholders and be accountable for their stewardship of the Company.

An Administrative Guide was released together with the Notice of AGM, whereby the shareholders are entitled to appoint proxy/proxies to participate and vote instead of shareholders themselves by submitting the Form of Proxy to the Registered Office of the Company not later than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or adjourned meeting.

The Company has appointed HMC Corporate Services Sdn. Bhd. ("HMC") as Poll Administrator to conduct the poll by way of online voting and to provide a virtual meeting facility for the 9th AGM held on 23 June 2022. The Board was satisfied with the virtual meeting facilities provided by HMC for the previous AGM held in year 2022, therefore the Board had decided to engage the same service provider for coming AGM.

Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or click onto the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time via the Q&A Box on the Virtual Meeting Facilities. Any questions can be submitted at any time until the announcement of the closure of Q&A session. The Directors and Management will address the questions submitted prior or during the meeting accordingly.

[Practice 13.6 – Minutes of the General Meeting](#)

The Summary of Proceedings and Key Matters discussed during the 9th AGM was made available to shareholders on its website. The Company will upload the minutes of coming 10th AGM no later than 30 business days after the AGM on its website.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the ACE LR of Bursa Securities:-

1. [Statement of Directors' Responsibility in respect of the Financial Statements](#)

The Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of financial year and of the results and cash flows of the Company and of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for the FYE 2022, the Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.



CORPORATE GOVERNANCE
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There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the FYE 2022 or entered into since the end of the previous financial year.

3. Corporate Responsibility

The Group is mindful of the need to be corporately responsible and recognise that for long-term sustainability, its strategic orientation will need to look beyond financial parameters. Hence, the Group supports important causes such as employees' welfare, community and environment protection. However, the Group endeavours to broaden its scope of corporate responsibility initiatives over time and will plan accordingly.

4. Utilisation of Proceeds Raised from Corporate Proposals

As at the date of this Annual Report, a total of 140,077,012 Placement Shares have been issued and allotted on 13 April 2022 and 6 December 2022 respectively in two (2) tranches, details of which are as follows:-

No.	Date of Allotment	Total Number of Private Placement	Proceeds (RM)
1.	13 April 2022	25,000,000	4,702,500
2.	6 December 2022	115,077,012	15,880,627
TOTAL		140,077,012	20,583,127

The status of the utilisation of proceeds raised from the Proposed Private Placement is as follows:-

i) Status of utilisation of proceeds from Private Placement dated 6 December 2022

No.	Purpose	Proposed Utilisation		Actual Amount Raised	Actual Utilisation	Intended timeframe for utilisation from listing date (6 December 2022)	Balance of unutilised proceeds
		Base Scenario	Maximum Scenario				
		RM'000	RM'000	RM'000	RM'000		RM'000
1.	Future Viable Investment	10,720	-	9,487	-	Within 24 months	9,487
2.	Working Capital for New Project						
	i) Pengerang Integrated Complex	3,458	-	3,028	2,762	Within 24 months	266
	ii) General	3,458	-	3,028	-		3,028
3.	In relation to the Proposed Private Placement	500	-	338	338	Upon completion of the Proposed Private Placement	-
TOTAL		18,136	-	15,881	3,100		12,781



CORPORATE GOVERNANCE OVERVIEW STATEMENT

ii) Status of utilisation of proceeds from Private Placement dated 13 April 2022

No.	Purpose	Proposed Utilisation		Actual Amount Raised RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation from listing date (6 December 2022)	Balance of unutilised proceeds RM'000
		Base Scenario RM'000	Maximum Scenario RM'000				
1.	New Investment	4,700	4,700	4,700	3,600	Within 24 months	1,100
2.	Working Capital for New Project						
	i) Amzass (M) Sdn. Bhd.	1,000	1,000	1,000	352	Within 24 months	648
	ii) Highbase Strategic Sdn. Bhd.	5,000	5,000	5,000	5,000		-
3.	Working Capital for Existing Project	3,000	3,000	206	206	Within 12 months	-
4.	General working capital expenses	1,462	32,699	-	-	Within 12 months	-
5.	Estimated expenses in relation to the Proposed Private Placement	412	1,091	266	266	Upon completion of the Proposed Private Placement	-
TOTAL		15,574	47,490	11,172	9,424		1,748

5. Contracts Relate to a Loan

There were no contracts which relate to a loan entered into by the Company and its subsidiaries during the FYE 2022.

6. Employees' Share Option Scheme ("ESOS") and Employees' Share Grant Scheme ("ESGS")

The Company had on 17 October 2017 obtained the approval from the shareholders in relation to the ESOS and ESGS at its Extraordinary General Meeting ("EGM").



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company has offered ESOS and ESGS to the Board of Directors and eligible employees on 17 June 2019 and the details of the ESOS and ESGS are as follows:-

- a) The total number of options granted, exercised, forfeited and outstanding under the ESOS and ESGS since its commencement up to the FYE 2022 are set out below:-

Description	Number of Options			
	Grand Total		Directors and Senior Management	
	ESOS	ESGS	ESOS	ESGS
Outstanding as at 1 January 2022	1,740,000	93,500	314,500	60,000
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	488,500	-	46,500	-
Outstanding as at 31 December 2022	1,251,500	93,500	268,000	60,000

- b) Percentages of options applicable to Directors and Senior Management under the ESOS and ESGS during the financial year and since its commencement up to the FYE 2022 are set out below:-

Directors and Senior Management	Percentage	
	During the financial year	Since Commencement up to 31 December 2022
Aggregate maximum allocation	0%	0%
Actual options granted	0%	0%

- c) Breakdown of the options offered to and exercised by, or shares granted to and vested in (if any) by Non-Executive Directors under the ESOS and ESGS in respect of the FYE 2022 are set out below:-

Directors	Amount of options/shares granted (RM)	Amount of options exercised/shares vested (RM)
(1) Abdul Rahim Bin Abdul Hamid	120,000	-
(2) Zainal Arifin Bin Khalid	120,000	60,000
(3) Yong Hee Kong	120,000	60,000
(4) Ashok Virendra Shah	120,000	60,000
Total	480,000	180,000



CORPORATE GOVERNANCE OVERVIEW STATEMENT

7. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

There were no RRPT conducted during the FYE 2022.

8. Non-Audit Fees

Non-audit fee of RM6,000 payable to External Auditors by the Group pertaining to the review of Statement on Risk Management and Internal Control for the FYE 2022.

9. Variation in Results

There was no material variance between the financial results and the profit forecast or unaudited results previously made for the FYE 2022.

10. Profit Guarantee

There was no profit guarantee given by the Company during the FYE 2022.

11. Profit Forecast Variance

There was no profit forecast issued during the FYE 2022.

12. Non-Observance of MCCG

There was no non-observance of the MCCG for the FYE 2022.

13. Succession Plan

It is the responsibility of the NRC to determine a fair remuneration package for the Directors, with the main purpose to attract and retain the right candidates. As part of the succession plan, the Senior Management are encouraged to identify and to train potential subordinates in order to prepare them for larger responsibilities within the Group.

STATEMENT OF COMPLIANCE WITH THE MCCG

The Board confirms that the Group has made 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 was approved by the Board of Directors on 6 April 2023.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of GFM is pleased to present the Audit and Risk Management Committee (“ARMC”) Report for the FYE 2022.

MEMBERSHIP

The ARMC shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the ARMC should be Non-Executive Directors.

The members of the ARMC shall elect a Chairman from among their members who shall be an Independent Director. No Alternate Director shall be appointed as a member of the ARMC.

At least one (1) member of the ARMC:-

- a) must be a member of the Malaysian Institute of Accountants; or
- b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years’ working experience and:-
 - he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he/she must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - fulfils such other requirements as prescribed by Bursa Securities.

The Audit Committee was established on 18 October 2016. Subsequently, the Audit Committee was renamed as Audit and Risk Management Committee on 26 February 2019.

The ARMC comprises of five (5) Non-Executive Directors, majority of whom are Independent Directors, including the Chairman as follows:-

Name	Designation
1) Ashok Virendra Shah (Independent Non-Executive Director)	Chairman
2) Abdul Rahim Bin Abdul Hamid (Independent Non-Executive Director, Board Chairman)	Member
3) Yong Hee Kong (Independent Non-Executive Director)	Member
4) Zainal Bin Amir (Non-Independent Non-Executive Director)	Member
5) Zainal Arifin Bin Khalid (Independent Non-Executive Director)	Member

The Chairman of the ARMC, Mr. Ashok Virendra Shah is a member of Chartered Accountants of India, member of the Malaysian Institute of Accountants (MIA), and fellow member of Singapore Society of Accountants.

The composition of the ARMC and the qualification of the members comply with Rule 15.09(1) of the ACE LR of Bursa Securities.

MEETINGS AND MINUTES

During the financial year, the ARMC conducted five (5) meetings of which all were duly convened with sufficient notices given to all ARMC members together with the agenda, report and proposals for deliberation at the meetings. The Key Senior Management were invited to all ARMC meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

The External Auditors and In-House Internal Audit Unit, as the case may be, were in attendance to present the relevant reports and proposals to the ARMC at the meetings which included inter alia, the internal audit reports, the auditors’ audit plans, audit reports and the audited financial statements for the FYE 2022.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

In the ARMC 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 review. The minutes of the ARMC meetings were tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

The details of attendance of the ARMC members are as follows:-

Name	Designation	Meeting Attendance	Percentage of Attendance
Ashok Virendra Shah <i>(Independent Non-Executive Director)</i>	Chairman	4/5	80%
Abdul Rahim Bin Abdul Hamid <i>(Independent Non-Executive Director, Board Chairman)</i>	Member	5/5	100%
Yong Hee Kong <i>(Independent Non-Executive Director)</i>	Member	5/5	100%
Zainal Bin Amir <i>(Non-Independent Non-Executive Director)</i>	Member	5/5	100%
Zainal Arifin Bin Khalid <i>(Independent Non-Executive Director)</i>	Member	5/5	100%

RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, the ARMC undertakes, amongst others, the following responsibilities and duties:-

- a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;
- c) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- d) To review the following in respect of internal audit:-
 - adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
 - the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function; and
 - review and approve any appointment or termination of senior staff members of the internal audit function.
- e) To review the quarterly reporting to Bursa Securities and year-end annual financial statements of the Group before submission to the Board, focusing on:-
 - compliance with accounting standards and regulatory requirements;
 - any major changes in accounting policies;
 - significant and unusual items and events; and
 - incidences of fraud and material litigation, if any.
- f) To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management's integrity;



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- g) To consider the nomination and appointment of external auditors, as well as the audit fee;
- h) To review the resignation or dismissal of external auditors;
- i) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment; and
- j) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the ACE LR of Bursa Securities.

INTERNAL AUDIT FUNCTION

During the FYE 2022, GFM has conducted the internal audit function internally. The In-House Internal Audit Unit provides the ARMC with independent and objective reports on the systems and state of internal controls of the Company.

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC's activities during the financial year under review comprised the following:-

External Auditors

- reviewed the external audit plan, outlining the audit scope, audit process and areas of emphasis based on the External Auditors' presentation of audit plan;
- reviewed the external audit planning memorandum and the response from the Management; and
- consideration and recommendation to the Board for approval of the audit fees payable to the External Auditors.

The ARMC recommended to the Board for approval of the audit fee of RM346,000 in respect of the FYE 2022.

Internal Control and Risk Management

The ARMC is overseeing the risk management and internal control process within the Company and the Group.

The In-House Internal Audit Unit is responsible 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 In-House Internal Audit Unit reports to the Group Managing Director administratively and to the ARMC and the Board functionally. The ARMC are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

The ARMC will review the RRPT and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

The ARMC will review the RRPT and conflict of interest situation presented by the management prior to the Company entering into such transaction. The ARMC 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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Rule 15.26(b) of the ACE Listing Requirements of Bursa Malaysia Securities Berhad and Practice Note 10.2 of the Malaysia Code of Corporate Governance (MCCG) 2021, requires the Board of Directors to include a statement about the Group's risk management and internal controls as part of its Annual Report. Practice Note 10.2 further requires the disclosure of the features, adequacy and effectiveness of its risk management and internal controls framework.

The following sections outline the nature and scope of the Group's risk management and internal controls for FYE 2022 as guided by the Statement on Risk Management and Internal Controls – Guidelines for Directors of Listed Issuers introduced by Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board of Directors is responsible for establishing a system to identify, assess and respond to risks that could affect GFM's objectives. In determining acceptable levels and types of risks, the Board sets the risk appetite for GFM and participates in the strategic planning process to ensure corresponding risks are mitigated. The Management Risk Committee (MRC) and Audit and Risk Management Committee (ARMC) are responsible for overseeing matters related to risk, compliance, and internal controls, and provide updates to the Board.

By establishing a robust system and setting its risk appetite, it ensures that the Board can identify and respond to risks effectively. Their participation in the strategic planning process ensures that risks are considered in the decision-making process.

MANAGEMENT RESPONSIBILITY

The Management is responsible for identifying and assessing risks pertinent to the Group's operations and objectives. In line with the Group's strategic vision and risk appetite, the Management develops policies and procedures to manage risks.

To ensure that the risk management and internal control system are effective, the Management with guidance from the Board consistently monitors the execution of risk mitigating action plans. Communication on changes to the risks or potential risks and effectiveness of the action plans are reported to the Board via the ARMC on a quarterly basis.

RISK MANAGEMENT FRAMEWORK

GFM's risk management practices are guided by its Enterprise Risk Management ("ERM") Framework. This framework adopts ISO 31000:2018 Risk Management Requirements and has been communicated to staff of relevant levels and reviewed for continuous improvements. The key objectives of the framework are: -

- Streamline operations to recognize the business goals of the Group;
- Accord ownership of risk to process owners, including mitigating measures to address the risk within knowledgeable and acceptable levels; and
- Provide a structured and systematic form of guidance to identify, evaluate, control, report and monitor significant risks faced by the Group.

RISK MANAGEMENT APPROACH

The ERM framework provides a standard and consistent approach in implementing ERM to the Group.

In 2022, GFM's Risk Management Unit ("RMU") has extended its scope of risk reviews to better anticipate and prepare for post pandemic related risks, such as economic uncertainty, inflation and changes in regulations.

In addition to the above, RMU has initiated a second cycle of Operational Risk Reviews at GFM respective sites. These reviews involve a more comprehensive assessment of financial, compliance, manpower, competency and daily operational risks and their respective impact. All GFM's sites have undergone Operational Risk Reviews in 2022.

ERM provides a macro (Group level) and Operational Risk Reviews provides a micro (site level) perspectives of risks to the Board.

The risk reviews are tabled to the MRC which consists of GFM's key management and leadership team. As part of assuring independence, the risk reviews are then tabled to the ARMC.

KEY RISK FACTORS

In 2022, RMU continues to monitor GFM's key risks. Key risks faced in 2022 were related to the impact of pandemic recovery: -

a) Global economic context

The global economy has shown recovery after the COVID-19 pandemic, and Malaysia's economic performance shows GDP growth projected around 5.5%. Nevertheless, certain challenges persist, including supply chain disruptions, inflation, and operational expenses that could adversely affect the company's performance.

Throughout 2022, the Operations Team and Procurement Department collaborated to make sure that sourcing, expenses and services were not affected negatively. In addition to the above, the Risk Management Unit (RMU) has created an assessment process to evaluate action plan and improve decision-making.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

b) New minimum wages order 2022

The Government has introduced a new minimum wage rate in May 2022, which GFM must comply with by adjusting the salaries of employees who earn less than the new rate.

In mitigating the risk of non-conformance, the Human Resources Department and Facilities Managers at operations sites have collaborated by reviewing employment contracts and communicate with employees to ensure that employees receive the new minimum wage they are entitled to.

c) Risk of securing new business

The key indicator to this risk was the ability to meet growth and revenue targets. Despite the challenge in meeting revenue growth in 2022, GFM's revenue targets however was achieved with the success of securing new contract for facilities management services at Istana Negara.

INTERNAL CONTROLS FRAMEWORK

Internal Controls Framework are imperative to support the function of the Risk Management. The Group continuously reviews and enhances its internal controls procedure with the input from Risk Management and Internal Audit and Compliance Units.

a) Organisation Structure

Despite the constant changes in manpower due to new projects and redeployment of staff, GFM still manage to ensure that a proper organisation structure and reporting line is maintained.

b) Code of Ethics and Code of Conduct

The Code of Ethics and Code of Conduct (the "Codes") are vital in setting and driving the ethical tone of the Group by articulating the expectations relating to the conduct of day-to-day business affairs and engagement with all stakeholders. These Codes have been put in place to guide Directors and all employees of the Group in observing high standards of personal and corporate integrity across the Group.

c) Whistle-Blower Policy

The Board has established a Whistle-Blower Policy that enables the stakeholders of the Group to escalate bona fide concerns regarding any unethical, unlawful, or undesirable conduct via a reporting channel in an objective manner. The Whistle-Blower Policy is made available on GFM's website.

d) Anti-Bribery and Corruption Policy

The Group has adopted and implemented Anti Bribery and Corruption Policy during the financial year in conjunction with the introduction of Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The stated policy describes the principles and guidelines to employees and business associates with regards to avoidance of improper solicitation, bribery and other corrupt activities and issues that may arise during business.

e) Guidelines on Misconduct and Discipline

Guidelines are established to govern the handling of misconduct and disciplinary matters of Directors and employees who breach the Code of Ethics and Code of Conduct, which will be reported to Human Resources Management for further investigation proceedings.

f) Delegated Authority Limits

Clearly defined limits of authority, responsibility and accountability have been established to govern the business and standard day-to-day operations, including matters requiring the Board's approval. The establishment of the Delegated Authority Limit provides a sound framework of authority, responsibility, and segregation of duties within the Company.

g) Key Performance Indicators ("KPI")

The Group's KPI was developed to keep track and monitor the execution of future growth, operation, and financial aspects of the business and to ensure the Group achieves its performance targets for the FYE 2022.

h) Board Committee

- Audit and Risk Management Committee ("ARMC")
The primary function of the ARMC is to assist the Board in reviewing the adequacy and integrity of the Group's quarterly financial results and year-end financial statements, related party transactions, conflict of interest situations, external and internal audit as well as risk management and internal controls. Further details on the ARMC are elaborated in the ARMC Report.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Nomination and Remuneration Committee (“NRC”)**

The NRC, assist The Board in reviewing the size and composition of the Board annually and ensuring an appropriate balance of executive and non-executive participation. They are also responsible for evaluating the skills, experience, knowledge, and responsibilities of Directors, recommending new members for appointments to the Board and Board Committees, and conducting ongoing assessments of Directors. Additionally, the Board must ensure there is sufficient succession planning and human capital development.

i) Planning, Monitoring and Reporting

- **Integrated Management System Accreditation**

The Integrated Management System of GFM consists of Quality Management System (“QMS”), Environmental Management System (“EMS”) and Occupational Health & Safety Management System (“OHSMS”). It has been internationally recognised and certified by Bureau Veritas Certification (“BVC”) which carries the ISO9001:2015, ISO14001:2015 and ISO45001:2018 certifications respectively. These certifications serves as a testament to GFM’s robust work processes that are in line with industry best practices.

- **Operational Policies and Procedures**

A series of internal policies and procedures are set out in the Group’s standard operating procedures to clearly define the day-to-day operations of relevant departments within the Group. The standard operating procedures are updated and revised when deemed necessary.

- **Financial Performance Review**

The quarterly financial reports of the Group are reviewed by the ARMC and approved by the Board prior to releasing it to the regulators and stakeholders. The full year financial statements are audited by the external auditor and similarly, reviewed by the Audit Committee and approved by the Board before disclosing the financial statements to the public.

- **Assessment of Performance and Controls**

The Group’s management team monitors and reviews the performance of the financial and operational results. Regular meetings are held at the operational and the management level to discuss and assess the performance of the Group and address any areas of concern such as strategic, operational, financial and management issues.

j) Business Continuity Management

- **Business Continuity Plan**

In order to ensure continuous non-stop Information and Communication Technology (“ICT”) operations, the Group established a Business Continuity Plan (“BCP”) to counter against any disasters, emergencies, or catastrophic incidents. BCP will ensure that business operations can function in a resilient manner.

- **Insurance**

The Group has in place insurance policy over its employees and major assets against any untoward events, in which is beyond the Group’s control that could result in material losses. The insurance coverage is reviewed at specific intervals to ensure its adequacy.

INTERNAL AUDIT FUNCTIONS

GFM’s internal audit function was previously outsourced to KPMG, however in 2021 this function was done internally with the formation of the Internal Audit Unit (“IAU”). IAU continues to provide assurance to the ARMC through the execution of internal audit work, based on a risk-based audit plan which also considers concerns raised by the Management and Board. The internal audit plans are tabled to the ARMC at the beginning of every year.

In carrying out its activities, IAU has unrestricted access to the relevant records, personnel, and physical properties of the Group.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

IAU has conducted various audits from 2021 to 2022. Each year all audits are guided by a theme. This theme is to ensure that the IAU develops and matures to conduct more complex and complicated audits. Key audits conducted are as follows:

Year 2021 Theme: Compliance to Regulation

- Review of compliance to Bursa Malaysia Ace Market Listing Requirement
- Review of compliance to safety and health related regulation
- Review of employment related regulation
- Review of backdated purchase order
- Review of compliance to ISO Standards adopted
- Review of compliance to cyber security regulation
- GFM website security audit

Year 2022 Theme: Process Audit

- Key asset management audit
- Food safety audit
- Housekeeping and camp management audit
- Review on GFM's social media
- Corporate gift audit
- Inventory management audit
- Training management audit
- S17A gap analysis

REVIEW BY THE EXTERNAL AUDITORS

In accordance to Rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this statement for inclusion in the Annual Report of GFM for the FYE 2022.

The review of this Statement by the External Auditors was performed in accordance with the scope set out in Audit and Assurance Practice Guides 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3"), issued by the Malaysian Institute of Accountants.

The External Auditors reported that nothing has come to their attention which caused them to believe that the Statement intended to be included in the Annual Report of the Company was not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEMS

Based on this assurance, the input from external and internal auditors, as well as the Board's review via the ARMC, the Board is of the view that the risk management and internal controls systems are adequate to meet the needs of the Group in addressing financial, operational and compliance risks and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's annual report. Notwithstanding this, the Board and Senior Management remain committed to strengthening the Group's control environment and processes. Ongoing measures and appropriate action plans will be put in place to enhance the Group's system of internal controls as and when necessary.

The Group have also provided documented assurance that the Group's risk management and internal controls system, in all material aspects, are operating adequately and effectively based on the risk management and internal controls framework of the Group, in all material aspects, during the financial year under review and up to the date of this Statement.

This Statement on Risk Management and Internal Controls was approved by the Board of Directors on 6 April 2023.





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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holdings. The principal activities of its subsidiaries are disclosed in Note 12 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	18,285,753	900,940
Attributable to: Owners of the Company	18,285,753	900,940

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	RM
Single-tier interim dividend of 0.1730 sen per ordinary share on 575,385,125 ordinary shares in respect of the financial year ended 31 December 2022, declared on 20 June 2022, paid on 26 August 2022	995,393

The Directors do not recommend any final 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 those disclosed in the financial statements.

ISSUANCE OF SHARES AND DEBENTURES

During the financial year, the Company has increased its issued and paid-up capital by way of the following for working capital purposes:

- (i) conversion of 6,500 warrants to ordinary shares on 26 January 2022 at an exercise price of RM0.38 per warrant totaling RM2,470;
- (ii) issuance of 25,000,000 new ordinary shares on 14 April 2022 at RM0.1881 per share totaling RM4,702,500 pursuant to a private placement; and
- (iii) issuance of 115,077,012 new ordinary shares on 7 December 2022 at RM0.138 per share totaling RM15,880,627 pursuant to a private placement.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.





DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES AND EMPLOYEES' SHARE SCHEME ("ESS")

No options were granted to any person to take up unissued shares of the Company during the financial year other than the issue of share options pursuant to the ESS.

The Company's ESS are governed by the By-Laws which was approved by the Company's shareholders on 17 October 2017 and is administered by the ESS Committee which is appointed by the Board of Directors, in accordance with the By-Laws.

The ESS comprised Employees' Share Option Scheme ("ESOS") and Employees' Share Grant Scheme ("ESGS"). The salient features, terms and details of the ESS are disclosed in Note 20(b) to the financial statements. The details of the share options and share grants granted under ESS and its vesting conditions during the financial year and the number of share options and share grants outstanding at the end of the financial year are disclosed in Note 20(b) to the financial statements.

Subsequent to the financial year, the unexercised ESOS and ESGS have expired on 8 March 2023.

BONUS WARRANTS

On 7 February 2019, the Company listed and quoted 235,456,618 free warrants ("Bonus Warrants") pursuant to the Bonus Issue of Warrants at an exercise price of RM0.38 per warrant on the basis of one Bonus Warrant for every two existing ordinary shares in the Company held by entitled shareholders of the Company. The Bonus Warrants are constituted by the Deed Poll dated 10 January 2019.

On 26 January 2022, 6,500 warrants have converted to ordinary shares. The remaining unexercised 235,449,629 warrants have expired and lapsed on 28 January 2022.

DIRECTORS OF THE COMPANY

The Directors in office during the financial year and at the date of this report are:-

Abdul Rahim bin Abdul Hamid
 Ashok Virendra Shah
 Mohammad Shahrizal bin Mohammad Idris *
 Ruslan bin Nordin *
 Yong Hee Kong
 Zainal Arifin bin Khalid
 Zainal bin Amir *

* *Directors of the Company and certain subsidiaries.*





DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 ("Act"), the interests of Directors in office at the end of the financial year in shares and warrants in the Company and a related corporation during the financial year were as follows:

	Number of Ordinary Shares			At 31.12.2022 Unit
	At 1.1.2022 Unit	Bought Unit	Sold Unit	
Ordinary shares in the Company				
Direct interests:				
- Ashok Virendra Shah	60,000	-	-	60,000
- Mohammad Shahrizal bin Mohammad Idris	14,648,400	86,994,958	-	101,643,358
- Ruslan bin Nordin	31,300,004	29,769,256	-	61,069,260
- Yong Hee Kong	60,000	-	-	60,000
- Zainal Arifin bin Khalid	60,000	-	-	60,000
- Zainal bin Amir	6,700,003	87,984,958	-	94,684,961
Indirect interests:				
- Mohammad Shahrizal bin Mohammad Idris *	220,001,000	-	(220,001,000)	-
- Ruslan bin Nordin *	220,001,000	-	(145,200,660)	74,800,340
- Zainal bin Amir *	220,001,000	-	(220,001,000)	-

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	Number of Options over Ordinary Shares			At 31.12.2022 Unit
	At 1.1.2022 Unit	Granted Unit	Exercised Unit	
Option shares in the Company				
Direct interests:				
- Abdul Rahim bin Abdul Hamid	60,000	-	-	60,000
- Ashok Virendra Shah	60,000	-	-	60,000
- Yong Hee Kong	60,000	-	-	60,000
- Zainal Arifin bin Khalid	60,000	-	-	60,000

	Number of unissued ESGS entitlements			At 31.12.2022 Unit
	At 1.1.2022 Unit	Granted Unit	Alloted Unit	
Unissued ESGS entitlements in the Company				
Direct interests:				
- Abdul Rahim bin Abdul Hamid	60,000	-	-	60,000

	Number of Ordinary Shares			At 31.12.2022 Unit
	At 1.1.2022 Unit	Bought Unit	Sold Unit	
Ordinary shares in a related corporation				
- GFM Global Sdn. Bhd.				
Direct interests:				
- Mohammad Shahrizal bin Mohammad Idris	33	-	(33)	-
- Ruslan bin Nordin	34	-	-	34
- Zainal bin Amir	33	-	(33)	-

* Shares held through a related corporation in which the Directors have substantial financial interests.



DIRECTORS' INTERESTS (CONT'D)

By virtue of the Directors' interests in the ordinary shares of the Company and pursuant to Section 8 of the Act, Mohammad Shahrizal bin Mohammad Idris, Ruslan bin Nordin and Zainal bin Amir are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Fees	396,000	128,000
Salaries and other emoluments	878,644	3,570,000
Total fees and other benefits	1,274,644	3,698,000

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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 or 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, other than those arising from the share options under the ESOS and ESGS.

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OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper 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 their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.





DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and 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 and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries are disclosed in Note 5 to the financial statements.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.
- (g) During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and certain Officers of the Group are RM5,000,000 and RM44,000 respectively.

HOLDING COMPANY

Effective from 21 January 2022, GFM Global Sdn. Bhd., a company incorporated in Malaysia, ceased to be the holding company of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 30 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 6 April 2023.

Ruslan Bin Nordin

Zainal Bin Amir





STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 77 to 162 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 6 April 2023.

Ruslan Bin Nordin

Zainal Bin Amir

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Ruslan bin Nordin, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 77 to 162 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.

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Subscribed and solemnly declared by the
abovenamed
at Kuala Lumpur in the Federal Territory
on 6 April 2023

Ruslan Bin Nordin

Before me,

TAN KIM CHOOI (W661)
Commissioner of Oaths





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GFM SERVICES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GFM Services Berhad, which comprise the statements of financial position as at 31 December 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 77 to 162.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

1. Impairment review of goodwill

As at 31 December 2022, as shown in Note 11 to the financial statements, included in the carrying amount of intangible assets of the Group is goodwill amounted to RM8,608,517 which arose from the Group's acquisition of a subsidiary. The Group is required to perform an annual impairment review on the goodwill regardless of whether there is any indication of impairment.

The Group estimated the recoverable amount of the cash generating unit ("CGU") based on value-in-use ("VIU") by using a discounted cash flows covering the remaining maintenance period of a facilities management segment. Estimating the VIU of the CGU involved estimates made by the management relating to the future cash inflows and outflows that will be derived from the CGU and discounting them at the appropriate rate. The discounted cash flows included a number of significant judgements and estimates such as maintenance rate, gross profit margin, expected operating costs and discount rate.

We consider this to be an area of focus for our audit as the amount involved is significant, involved significant judgements about the future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the goodwill.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GFM SERVICES BERHAD

Key Audit Matters (cont'd)

1. Impairment review of goodwill (cont'd)

Our procedures to address this area of focus included, among others, the following:

- Evaluated the basis of calculating the discounted cash flows by taking into consideration the assessment of management's historical budgeting accuracy;
- Evaluated whether key assumptions which comprised the gross profit margin, expected operating costs and discount rate were reasonable, taking into consideration the current and expected outlook of the economic growth;
- Tested the mathematical accuracy of the cash flows calculation; and
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount.

2. Fair value of investment in Redeemable Convertible Preference Shares ("RCPS")

As at 31 December 2022, as shown in Note 14 to the financial statements, the carrying amount of the investment in RCPS of the Group and of the Company amounted to RM17,585,000.

Fair value change of investment in RCPS is recognised through other comprehensive income. The Group and the Company estimated the fair value of their unquoted investments based on income approach. Such valuation is based on assumptions that are highly judgemental. Due to significance of the investment and subjective nature of the valuation, we consider this to be an area of audit focus.

Our procedures to address this area of focus included, among others, the following:

- Obtained an understanding of the methodology adopted by management in estimating the fair value of the investment and whether such methodology is consistent with those used in the industry;
- Discussed with the management to obtain an understanding of the related underlying data used as input to the valuation model;
- Discussed with the management on the key assumptions and estimates used in the valuation model;
- Assessed the appropriateness of the valuation technique and checked the reasonableness of the discount rate used; and
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount.

3. Impairment assessment of investments in subsidiaries

As at 31 December 2022, as shown in Note 12 to the financial statements, the carrying amount of the investments in subsidiaries of the Company amounted to RM163,449,298, representing approximately 73% of the Company's total assets.

As at the reporting date, the Company reviewed its investments in subsidiaries for indication of impairment and where such indications exist, the Company performed an impairment assessment to determine the recoverable amounts of such investments. The Company estimated the recoverable amounts of the respective subsidiaries based on VIUs. Estimating the VIUs of the subsidiaries involved estimates made by the management relating to the future cash inflows and outflows that will be derived from the subsidiaries and discounting them at the appropriate rate. The discounted cash flows included a number of significant judgements and estimates such as revenue growth rate, gross profit margin, expected operating costs and discount rates.

We consider this to be an area of focus for our audit as the amount involved is significant, involved significant judgements about the future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amounts of the investments in subsidiaries.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GFM SERVICES BERHAD

Key Audit Matters (cont'd)

3. Impairment assessment of investments in subsidiaries (cont'd)

Our procedures to address this area of focus included, among others, the following:

- Evaluated whether key assumptions which comprised the revenue growth rate, gross profit margin and discount rates were reasonable by making comparisons to historical trend, taking into consideration the current and expected outlook of the economic growth;
- Tested the mathematical accuracy of the VIU; and
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amounts.

4. Recoverability assessment of amounts owing by subsidiaries

As at 31 December 2022, as shown in Note 16 to the financial statements, included in the carrying amount of trade and other receivables of the Company are amounts owing by subsidiaries amounted to RM21,984,475.

We have identified the recoverability of amounts owing by subsidiaries as an area of focus for our audit due to the assessment on recoverability involving judgements by management as to the likelihood of the recoverability of these amounts owing by subsidiaries, which is based on a number of factors, including whether there will be sufficient cash flows in the future to repay the outstanding amount.

Our procedures to address this area of focus included, among others, the following:

- Evaluated management's assessment on the sufficiency of future cash flows of relevant subsidiaries by comparing management's forecast of future cash flows to historical results and evaluating the assumptions used in those forecasts;
- Tested the mathematical accuracy of the cash flows calculation; and
- Analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverability.

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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GFM SERVICES BERHAD

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GFM SERVICES BERHAD

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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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 contents of this report.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

LO KUAN CHE
03016/11/2024 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 6 April 2023



STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	4	140,798,499	124,123,969	13,565,006	8,488,785
Cost of sales		(85,334,511)	(79,142,749)	-	-
Gross profit		55,463,988	44,981,220	13,565,006	8,488,785
Other income		2,351,309	2,003,617	81,728	40,334
Administrative expenses		(7,944,370)	(6,692,477)	(4,375,832)	(3,348,339)
Other expenses		-	(790,385)	-	-
Profit from operations		49,870,927	39,501,975	9,270,902	5,180,780
Finance costs		(20,308,449)	(21,074,328)	(8,214,726)	(8,214,726)
Share of results of an associate, net of tax	13	19,273	5,456	-	-
Profit/(loss) before tax	5	29,581,751	18,433,103	1,056,176	(3,033,946)
Tax expense	6	(11,295,998)	(8,423,743)	(155,236)	(38,449)
Profit/(loss) for the financial year		18,285,753	10,009,360	900,940	(3,072,395)
Other comprehensive income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Net change in fair value on financial asset at fair value through other comprehensive income ("FVOCI"), representing total other comprehensive income for the financial year		-	(2,415,000)	-	(2,415,000)
Total comprehensive income for the financial year		18,285,753	7,594,360	900,940	(5,487,395)
Profit/(loss) attributable to: Owners of the Company		18,285,753	10,009,360	900,940	(3,072,395)
Total comprehensive income attributable to: Owners of the Company		18,285,753	7,594,360	900,940	(5,487,395)
Earnings per share attributable to Owners of the Company (sen)					
- Basic	7	3.17	1.87		
- Diluted	7	3.17	1.86		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.





STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	8	12,233,348	13,051,689	13,985	9,837
Investment property	9	6,174,000	6,174,000	-	-
Operating financial asset	10	292,008,986	302,766,079	-	-
Intangible assets	11	21,985,617	23,201,717	-	-
Investments in subsidiaries	12	-	-	163,449,298	163,546,182
Investment in an associate	13	87,981	68,708	50,225	50,225
Other investment	14	17,585,000	16,685,000	17,585,000	16,685,000
Deferred tax assets	15	22,346	20,070	-	-
		350,097,278	361,967,263	181,098,508	180,291,244
Current assets					
Operating financial asset	10	31,079,586	32,308,428	-	-
Trade and other receivables	16	24,555,523	19,392,739	23,099,063	20,327,951
Contract assets	17	20,010,393	13,820,727	95,498	32,178
Tax recoverable		3,352,081	5,342,239	301,387	238,911
Deposits, cash and bank balances	18	101,187,145	79,285,394	18,627,018	2,526,880
		180,184,728	150,149,527	42,122,966	23,125,920
TOTAL ASSETS		530,282,006	512,116,790	223,221,474	203,417,164
EQUITY AND LIABILITIES					
Equity					
Share capital	19	103,122,590	82,536,993	103,122,590	82,536,993
Other reserves	20	(2,110,893)	(2,014,009)	(2,110,893)	(2,014,009)
Retained earnings/ (Accumulated losses)		107,110,707	89,723,463	(856,467)	(762,014)
Reorganisation deficit	21	(45,265,315)	(45,265,315)	-	-
Total equity		162,857,089	124,981,132	100,155,230	79,760,970
Non-current liabilities					
Trade and other payables	22	-	-	110,884,249	112,668,234
Loans and borrowings	23	256,450,443	278,616,858	-	-
Deferred tax liabilities	15	46,803,011	45,004,886	-	-
		303,253,454	323,621,744	110,884,249	112,668,234
Current liabilities					
Trade and other payables	22	20,907,819	20,813,300	12,181,995	10,987,960
Contract liabilities	17	10,880,566	11,430,346	-	-
Loans and borrowings	23	32,339,343	31,144,149	-	-
Tax payables		43,735	126,119	-	-
		64,171,463	63,513,914	12,181,995	10,987,960
Total liabilities		367,424,917	387,135,658	123,066,244	123,656,194
TOTAL EQUITY AND LIABILITIES		530,282,006	512,116,790	223,221,474	203,417,164

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to Owners of the Company					Total equity RM
	Share capital RM	Fair value reserve RM	Share option reserve RM	Share grant reserve RM	Re-organisation deficit RM	
	Non-distributable			Distributable		
Group						
At 1 January 2022	82,536,993	(2,415,000)	369,638	31,353	(45,265,315)	89,723,463
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	-	18,285,753
Transactions with Owners of the Company:						
Issuance of ordinary shares pursuant to:						
- private placement	20,583,127	-	-	-	-	20,583,127
- exercise of warrants	2,470	-	-	-	-	2,470
Forfeiture of shares after vesting period	-	-	(96,884)	-	-	96,884
Dividend	-	-	-	-	-	(995,393)
Total transactions with Owners of the Company	20,585,597	-	(96,884)	-	-	(898,509)
At 31 December 2022	103,122,590	(2,415,000)	272,754	31,353	(45,265,315)	107,110,707
						162,857,089





STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to Owners of the Company						
	Share capital RM	Fair value reserve RM	Share option reserve RM	Share grant reserve RM	Re- organisation deficit RM	Retained earnings RM	Total equity RM
Group (cont'd)							
At 1 January 2021	76,023,351	-	433,855	92,232	(45,265,315)	83,195,573	114,479,696
Profit for the financial year	-	-	-	-	-	10,009,360	10,009,360
Net change in fair value on financial asset at fair value through other comprehensive income, representing total other comprehensive income for the financial year	-	(2,415,000)	-	-	-	-	(2,415,000)
Total comprehensive income for the financial year	-	(2,415,000)	-	-	-	10,009,360	7,594,360
Transactions with Owners of the Company:							
Issuance of ordinary shares pursuant to:							
- private placement	6,469,640	-	-	-	-	-	6,469,640
- vesting of share grants	44,002	-	-	(44,002)	-	-	-
Forfeiture of shares after vesting period	-	-	(64,217)	(16,877)	-	81,094	-
Dividend	-	-	-	-	-	(3,562,564)	(3,562,564)
Total transactions with Owners of the Company	6,513,642	-	(64,217)	(60,879)	-	(3,481,470)	2,907,076
At 31 December 2021	82,536,993	(2,415,000)	369,638	31,353	(45,265,315)	89,723,463	124,981,132



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	←	Non-distributable			→	Distributable (Accumulated losses)/		
	Share capital	Fair value reserve	Share option reserve	Share grant reserve	Retained earnings	RM	RM	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM
Company								
At 1 January 2022	82,536,993	(2,415,000)	369,638	31,353	(762,014)		79,760,970	
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	900,940		900,940	
Transactions with Owners of the Company:								
Issuance of ordinary shares pursuant to:								
- private placement	20,583,127	-	-	-	-		20,583,127	
- exercise of warrants	2,470	-	-	-	-		2,470	
Forfeiture of shares after vesting period	-	-	(96,884)	-	-		(96,884)	
Dividend	-	-	-	-	(995,393)		(995,393)	
Total transactions with Owners of the Company	20,585,597	-	(96,884)	-	(995,393)		19,493,320	
At 31 December 2022	103,122,590	(2,415,000)	272,754	31,353	(856,467)		100,155,230	





STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital RM	Non-distributable				Distributable		Total equity RM
		Fair value reserve RM	Share option reserve RM	Share grant reserve RM	(Accumulated earnings/ losses) RM	Retained earnings/ losses) RM		
Company (cont'd)								
At 1 January 2021	76,023,351	-	433,855	92,232	5,872,945	82,422,383		
Loss for the financial year	-	-	-	-	(3,072,395)	(3,072,395)		
Net change in fair value on financial asset at fair value through other comprehensive income, representing total other comprehensive income for the financial year	-	(2,415,000)	-	-	-	(2,415,000)		
Total comprehensive income for the financial year	-	(2,415,000)	-	-	(3,072,395)	(5,487,395)		
Transactions with Owners of the Company:								
Issuance of ordinary shares pursuant to:								
- private placement	6,469,640	-	-	-	-	6,469,640		
- vesting of share grants	44,002	-	-	(44,002)	-	-		
Forfeiture of shares after vesting period	-	-	(64,217)	(16,877)	-	(81,094)		
Dividend	-	-	-	-	(3,562,564)	(3,562,564)		
Total transactions with Owners of the Company	6,513,642	-	(64,217)	(60,879)	(3,562,564)	2,825,982		
At 31 December 2021	82,536,993	(2,415,000)	369,638	31,353	(762,014)	79,760,970		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash Flows from Operating Activities					
Profit/(loss) before tax		29,581,751	18,433,103	1,056,176	(3,033,946)
Adjustments for:-					
Amortisation of intangible assets		1,216,100	1,216,100	-	-
Allowance for impairment loss on trade receivables		-	790,385	-	-
Bad debt written off		5,000	-	5,000	-
Depreciation of property, plant and equipment		1,506,816	1,474,140	3,997	3,183
Dividend income		-	-	(12,500,000)	(8,000,000)
Gain on disposal of property, plant and equipment		-	(70,003)	-	-
Interest expenses		20,308,449	21,074,328	8,214,726	8,214,726
Interest income from financial institutions		(1,002,138)	(887,860)	(81,728)	(30,596)
Interest income on operating financial asset		(32,308,426)	(33,423,000)	-	-
Reversal of impairment loss on trade receivables		(882,104)	(523,865)	-	-
Share of results of an associate, net of tax		(19,273)	(5,456)	-	-
Operating profit/(loss) before working capital changes		18,406,175	8,077,872	(3,301,829)	(2,846,633)
Changes in working capital					
Operating financial asset		44,294,361	44,294,362	-	-
Contract (liabilities)/assets		(6,739,446)	1,917,832	(63,320)	38,679
Receivables		(4,285,680)	(1,307,856)	30,932	(224,263)
Payables		94,519	4,260,808	(376,965)	39,218
Cash generated from/(used in) operations		51,769,929	57,243,018	(3,711,182)	(2,992,999)
Interest paid	(v)	(19,349,895)	(20,188,293)	(8,214,726)	(8,214,726)
Interest received		1,002,138	887,860	81,728	30,596
Dividend received		-	-	12,500,000	8,000,000
Tax paid		(7,592,375)	(8,386,736)	(217,712)	(244,788)
Net cash from/(used in) operating activities		25,829,797	29,555,849	438,108	(3,421,917)





STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash Flows from Investing Activities				
Changes in escrow account, finance service reserve account, liquidity reserve account, revenue account, disbursement account and designated account	(51,259)	1,895,147	-	-
Changes in pledged deposits	(4,263,648)	(1,784,347)	-	300,000
Investment in redeemable convertible preference shares	(900,000)	(4,100,000)	(900,000)	(4,100,000)
Purchase of property, plant and equipment (ii)	(495,783)	(497,717)	(8,145)	-
Proceeds from disposal of property, plant and equipment	-	212,000	-	-
(Advance to)/Repayment from subsidiaries	-	-	(2,807,044)	4,623,525
Net cash (used in)/from investing activities	(5,710,690)	(4,274,917)	(3,715,189)	823,525
Cash Flows from Financing Activities				
(Repayment to)/Advance from subsidiaries (iv)	-	-	(212,985)	1,015,549
Dividend paid 24	(995,393)	(3,562,564)	(995,393)	(3,562,564)
Drawdown of revolving credit (iv)	3,060,926	4,027,744	-	-
Proceeds from exercise of warrants 19	2,470	-	2,470	-
Proceeds from issuance of ordinary shares 19	20,583,127	6,469,640	20,583,127	6,469,640
Repayment of lease liabilities (iii), (iv)	(229,600)	(563,995)	-	-
Repayment of term loans (iv)	(23,974,646)	(24,905,441)	-	-
Net cash (used in)/from financing activities	(1,553,116)	(18,534,616)	19,377,219	3,922,625
Net increase in cash and cash equivalents	18,565,991	6,746,316	16,100,138	1,324,233
Cash and cash equivalents at beginning of the financial year	32,560,147	25,813,831	2,526,880	1,202,647
Cash and cash equivalents at end of the financial year (i)	51,126,138	32,560,147	18,627,018	2,526,880



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Notes:

(i) Cash and cash equivalents comprised of the following:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits, cash and bank balances	101,187,145	79,285,394	18,627,018	2,526,880
Less: Bank overdrafts	(1,006,386)	(1,985,533)	-	-
Deposits pledged as security	(12,657,515)	(8,393,867)	-	-
Escrow account	(14,564,513)	(14,652,128)	-	-
Finance service reserve account	(5,870,088)	(5,764,985)	-	-
Liquidity reserve account	(12,542,275)	(12,318,635)	-	-
Revenue account	(746,323)	(3,031,879)	-	-
Disbursement account	(825)	(846)	-	-
Designated account	(2,673,082)	(577,374)	-	-
	(50,061,007)	(46,725,247)	-	-
	51,126,138	32,560,147	18,627,018	2,526,880

(ii) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM688,475 (2021: RM775,717) and RM8,145 (2021: RM Nil) respectively which are satisfied by the following:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash payments	495,783	497,717	8,145	-
Lease arrangements	192,692	278,000	-	-
	688,475	775,717	8,145	-

(iii) Cash outflows for leases as a lessee:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Included in net cash used in operating activities:				
Payment relating to short-term leases	(605,785)	(451,885)	(67,992)	(51,459)
Payment relating to leases of low value assets	(101,522)	(91,048)	-	-
Interest paid in relation to lease liabilities	(28,502)	(18,696)	-	-
Included in net cash used in financing activities:				
Repayment of lease liabilities	(229,600)	(563,995)	-	-
Total cash outflows for leases	(965,409)	(1,125,624)	(67,992)	(51,459)





STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Notes: (cont'd)

(iv) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Note	Lease liabilities RM	Medium-term notes RM	Revolving credit RM	Term loans RM
Group					
2022					
At 1 January		618,698	151,134,896	4,027,744	151,994,136
<i>Non-cash changes</i>					
Interest expenses		28,502	11,566,057	261,216	8,293,412
<i>Cash flows from operating activities</i>					
Interest paid		(28,502)	(10,607,503)	(261,216)	(8,293,412)
<i>Cash flows from financing activities</i>					
Drawdown of revolving credit		-	-	3,060,926	-
Repayment of term loans		-	-	-	(23,974,646)
Repayment of lease liabilities		(229,600)	-	-	-
Acquisition of new lease	(ii)	192,692	-	-	-
At 31 December		581,790	152,093,450	7,088,670	128,019,490
2021					
At 1 January		904,693	150,248,861	-	176,899,577
<i>Non-cash changes</i>					
Interest expenses		18,696	11,493,532	102,365	9,274,980
<i>Cash flows from operating activities</i>					
Interest paid		(18,696)	(10,607,497)	(102,365)	(9,274,980)
<i>Cash flows from financing activities</i>					
Drawdown of revolving credit		-	-	4,027,744	-
Repayment of term loans		-	-	-	(24,905,441)
Repayment of lease liabilities		(563,995)	-	-	-
Acquisition of new lease	(ii)	278,000	-	-	-
At 31 December		618,698	151,134,896	4,027,744	151,994,136



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Notes: (cont'd)

(iv) Reconciliation of movements of liabilities to cash flows arising from financing activities: (cont'd)

	Company	
	2022 RM	2021 RM
Amounts owing to subsidiaries		
At 1 January	122,916,203	121,900,654
Non-cash changes		
Interest expenses	8,214,726	8,214,726
<i>Cash flows from operating activities</i>		
Interest paid	(8,214,726)	(8,214,726)
<i>Cash flows from financing activities</i>		
(Repayment to)/Advance from	(212,985)	1,015,549
At 31 December	<u>122,703,218</u>	<u>122,916,203</u>

(v) Interest paid consists of the followings:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Amount owing to a subsidiary	-	-	(8,214,726)	(8,214,726)
Bank guarantee	(50,671)	(61,401)	-	-
Bank overdrafts	(108,591)	(123,354)	-	-
Lease liabilities	(28,502)	(18,696)	-	-
Medium-term notes	(10,607,503)	(10,607,497)	-	-
Revolving credit	(261,216)	(102,365)	-	-
Term loans	(8,293,412)	(9,274,980)	-	-
Total interest paid	<u>(19,349,895)</u>	<u>(20,188,293)</u>	<u>(8,214,726)</u>	<u>(8,214,726)</u>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE 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, Wilayah Persekutuan.

The principal place of business of the Company is located at A-3A-1, Melawati Corporate Centre, Jalan Bandar Melawati, Taman Melawati, 53100 Kuala Lumpur.

The Company is principally engaged in investment holdings. The principal activities of its subsidiaries are disclosed in Note 12. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

Effective from 21 January 2022, GFM Global Sdn. Bhd., a company incorporated in Malaysia, ceased to be the holding company of the Company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 6 April 2023.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 – 2020	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. BASIS OF PREPARATION (CONT'D)**(a) Statement of compliance (cont'd)****(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted**

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments of MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Non-current Liabilities with Covenants

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect on the financial statements of the Group and of the Company upon their initial application.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies.

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 of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements (cont'd)

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, 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.

(i) Impairment of goodwill

The Group is required to perform an annual impairment test and at other times when such indications exist of the cash-generating units ("CGUs") or groups of CGUs to which goodwill has been allocated. The Group estimates the recoverable amounts of its CGUs or group of CGUs to which goodwill is allocated based on the higher of fair value less costs to sell and value-in-use.

This requires management to estimate the expected future cash flows of the CGUs and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated, expected operating costs and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(ii) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and pre-tax discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

(iii) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables and contract assets.

For other receivables, operating financial asset and amount owing by an associate, the Group and the Company apply the approach permitted by MFRS 9, which require the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

For amounts owing by subsidiaries, the Company applies the approach permitted by MFRS 9, which requires the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(iv) Fair value of other investment

Where fair values of financial instruments recorded on the statements of financial position cannot be derived from active markets, they are determined using valuation techniques. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing the fair values.

The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, the risk profile and economic assumptions regarding the industry in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidationConsolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiaries.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in the profit or loss.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in the profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Reorganisation

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and are accounted for as follows:

- (i) The assets and liabilities of the acquired entity is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to the fair value;
- (ii) The retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- (iii) The equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(a) Basis of consolidation (cont'd)**Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Associate

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in the profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue and other income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue and other income recognition (cont'd)

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- The Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- The Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Maintenance income and facilities management services

Revenue from maintenance income and facilities management services are recognised over time using time elapsed (output method) to measure progress towards complete satisfaction of service because the customer simultaneously receives and consumes the benefits provided by the Group.

Consultancy services

Revenue from consultancy services provided are recognised when the services are performed by the Group. Revenue is recognised over time based on contract.

Asset management services

Revenue from asset management services is recognised over time when the services are rendered.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income on operating financial asset

Interest income from concession contract is recognised as it accrues using the effective interest method in profit or loss. The notional interest income resulting from the accretion of its financial asset using effective interest method is recognised in the profit or loss.

Other income earned by the Group and the Company are recognised on the following basis:





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue and other income recognition (cont'd)

Management fees

Management fees are recognised over time when services are rendered.

Rental income

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease terms.

Interest income from financial institutions

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

Wage subsidy

Wage subsidy is recognised on monthly basis over the qualified period under the criteria set by the Malaysia Government.

(c) Employee benefits

Short-term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when absences occur.

Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Employee benefits (cont'd)

Share-based payments

Equity-settled share-based payment

The Group operates an equity-settled share-based Employees' Share Scheme ("ESS"), which comprises Employees' Share Option Scheme ("ESOS") and Employees' Share Grant Scheme ("ESGS") for its employees and Non-executive Directors.

(i) ESOS

The ESOS allows the Group's employees and Non-executive Directors to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date using the Trinomial model. The options granted are vested one year after the date of grant and the settlement is by issuance of fully paid ordinary shares. The exercise price of each grant is set at 10% below the five-day volume-weighted average price of the Company's share price before the grant date. The contractual term of each option granted is five years from the grant date and expire on 8 March 2023. The options carry neither rights to dividends nor voting rights. Options may be exercised any time from the date of vesting to the date of expiry.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share options reserve.

The fair value of the share options recognised in the share options reserve is transferred to share capital when the share options are exercised, or transferred to retained earnings upon expiry of the ESOS.

The proceeds received net of any direct attributable transaction costs are credited to equity when the options are exercised.

(ii) ESGS

Employees and Non-executive Directors are entitled to ESGS as consideration for services rendered.

The ESGS are settled by way of issuance and transfer of new shares upon vesting. The total fair value of ESGS granted is recognised as an employee cost with a corresponding increase in the share grants reserve within equity over the vesting period after taking into account the probability that the ESGS will vest.

The fair value of share grant is measured at grant date using the Trinomial model. The options granted are vested one year after the date of grant and the settlement is by issuance of fully paid ordinary shares. The contractual term of each grant granted is five years from the grant date and expire on 8 March 2023. The grant may be exercised any time from the date of vesting to the date of expiry.

At each reporting date, the Group revises its estimates of the number of ESGS that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share grants reserve.

The fair value of the share grant recognised in the share grant reserve is transferred to share capital when the share grant options are exercised, or transferred to retained earnings upon expiry of the ESGS.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Employee benefits (cont'd)

Share-based payments (cont'd)

Equity-settled share-based payment (cont'd)

In the Company's separate financial statements, the grant of the share options and share grant to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options and share grant measured at the grant date is accounted for as an increase to the investments in subsidiaries with a corresponding credit to the employee share options and share grant reserves. Upon expiry of the share options and share grant, the employee share options and share grant reserves are transferred to retained earnings.

When the share options are exercised and the share grant are vested, the employee share option and share grant reserves are transferred to share capital, if new ordinary shares are issued.

(d) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method for all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in MFRS 116, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

The right-of-use assets are presented as part of property, plant and equipment in the statements of financial position.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether they will exercise an extension or termination option.

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

(f) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options and share grant granted to employees and warrants.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as 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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and to the Company and their cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term in which case they will be depreciated over their useful lives.

Depreciation is recognised in the profit or loss on straight-line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following estimated useful lives:

Computers	5 to 10 years
Engineering equipment	5 years
Furniture and fittings	10 years
Motor vehicles	5 years
Office equipment	10 years
Office units	100 years
Renovation	10 years
Building extension	5 years
Operation sites under lease	3 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, deposits and other short-term, highly liquid investments with a maturity of twelve months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, and pledged deposits, escrow account, finance service reserve account, liquidity reserve account, revenue account, disbursement account and designated account.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Issuance expenses

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

(j) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the profit or loss.

(ii) Customer contract

Customer contract acquired in a business combination is recognised at fair value at the acquisition date.

Subsequent to recognition, customer contract is stated at cost less accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in

(iii) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Intangible assets (cont'd)

(iii) Amortisation (cont'd)

The estimated useful life for the current and comparative periods is as follows:

Customer contract	20 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(k) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(l)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income ("FVOCI")

(i) Equity instrument

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

All financial assets, except for those measured at FVTPL or FVOCI, are subject to impairment assessment under Note 3(l)(i).





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

The Group and the Company categorise financial instruments as follows: (cont'd)

Financial liabilities

(a) Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that discounts the estimated future cash flows (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of the financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus principal repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Group and the Company have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial instruments (cont'd)

(v) Regular way purchase or sale of financial assets (cont'd)

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different term, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(l) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, contract assets and operating financial asset. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowances of the Group and of the Company are measured on either of the following bases:

- (i) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (ii) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach - trade receivables and contract assets

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables and contract assets as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (cont'd)

(i) Financial assets (cont'd)

General approach – other financial instruments and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or another financial reorganisation;
- or
- The disappearance of an active market for security because of financial difficulties.

The Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (cont'd)

(i) Financial assets (cont'd)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus of the assets to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flow that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less cost 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 assessment of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

(m) Service concession arrangement

The Group constructs and upgrades infrastructure (construction and upgrade services) used to provide for a public service and operates and maintains that infrastructure (operation services) for a specific period of time. These arrangements may include infrastructure used in public-to-private service concession arrangement for its entire concession period. Under the concession arrangement, the grantor controls the significant residual interest in the infrastructure at the end of the concession period.

The Group accounts for its service concession arrangement under the financial asset model. The financial asset model is used when the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Service concession arrangement (cont'd)

In the financial asset model, the amount due from grantor meets the definition of a receivable which is recognised at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest income on that amount is calculated using the effective interest method.

The operating financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the operating financial asset are transferred to another party.

The impairment policy of the operating financial asset is disclosed in Note 3(l)(i).

(n) Contract assets/(liabilities)

Contract assets and liabilities in services contract represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group and the Company issue billing to the customer. Contract assets are recognised as revenue when performance obligations are satisfied.

Contract liabilities are the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customer. In the case of services contract, contract liabilities are the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Group and the Company have billed or have collected the payment before the goods are delivered or services are provided to the customers.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss using the effective interest method.

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.

(p) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(q) Investment property**

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial period in which they arise.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(r) Government grant/assistance

Grants/assistance from government is recognised when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants/assistance relating to costs are deferred and recognised in the statements of profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants/assistance related to assets are presented in the statements of financial position as deferred revenue and recognised in the profit or loss on a systematic basis over the useful life of the asset.

(s) Bonus Issue of Warrants

There is no proceed received by the Company arising from the Bonus Issue of Warrant, accordingly, no allocation of proceeds is required to account for the fair value of Warrant issued.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Fair value measurement (cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contract with customers:				
Asset management services	5,070,822	931,458	-	-
Consultancy services	-	350,515	-	-
Facilities management services	94,219,422	80,157,446	-	-
Maintenance income	9,199,829	9,261,550	-	-
	108,490,073	90,700,969	-	-
Revenue from other sources:				
Dividend income	-	-	12,500,000	8,000,000
Interest income on operating financial asset	32,308,426	33,423,000	-	-
Management fees	-	-	1,065,006	488,785
	32,308,426	33,423,000	13,565,006	8,488,785
	140,798,499	124,123,969	13,565,006	8,488,785
Timing of revenue recognition:				
At a point in time	-	-	12,500,000	8,000,000
Over time	140,798,499	124,123,969	1,065,006	488,785
	140,798,499	124,123,969	13,565,006	8,488,785

(a) Disaggregation of revenue

The Group reports the following major segments: facilities management and concession arrangements in accordance with *MFRS 8 Operating Segments*. For the purpose of disclosure of disaggregation of revenue from contract with customers, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Facilities management RM	Concession arrangements RM	Total RM
Group			
2022			
Major goods or services:			
Asset management services	2,220,846	2,849,976	5,070,822
Facilities management services	94,219,422	-	94,219,422
Maintenance income	-	9,199,829	9,199,829
	96,440,268	12,049,805	108,490,073





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. REVENUE (CONT'D)

(a) Disaggregation of revenue (cont'd)

	Facilities management RM	Concession arrangements RM	Total RM
Group (cont'd)			
2022 (cont'd)			
Other revenue:			
Interest income on operating financial asset	-	32,308,426	32,308,426
	96,440,268	44,358,231	140,798,499
2021			
Major goods or services:			
Asset management services	931,458	-	931,458
Consultancy services	350,515	-	350,515
Facilities management services	80,157,446	-	80,157,446
Maintenance income	-	9,261,550	9,261,550
	81,439,419	9,261,550	90,700,969
Other revenue:			
Interest income on operating financial asset	-	33,423,000	33,423,000
	81,439,419	42,684,550	124,123,969

(b) Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	Year	RM
Concession contract	2023 to 2035	146,708,445
Facilities management contracts	2023 to 2034	470,620,133



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. REVENUE (CONT'D)

(c) Nature of goods and services

The following information reflects the typical transactions of the Group and of the Company:

Nature of services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Asset management services	Revenue is recognised over time when the services are rendered in accordance to the expected life cycle of the asset.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Consultancy services	Revenue is recognised over time when the services are rendered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Facilities management services	Revenue is recognised over time when the facilities management services are rendered in accordance to facilities management contract.	Credit period of 30 days from invoice date.	Penalties and deductions for not meeting key performance indicators.	Not applicable.	Not applicable.
Maintenance income	Revenue is recognised over time when the maintenance services are rendered in accordance to concession agreement.	Credit period of 30 days from invoice date.	Penalties and deductions for not meeting maintenance standards.	Not applicable.	Not applicable.
Management fees	Revenue is recognised over time when the services are rendered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.





NOTES TO THE FINANCIAL STATEMENTS

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5. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration:				
- Current year	346,000	285,000	140,000	115,000
- Non-statutory audit fee	6,000	6,000	6,000	6,000
- Under/(over)provision in prior year	10,000	(3,800)	10,000	-
- Non-audit services by an affiliate firm	32,580	62,500	16,200	6,480
Allowance for impairment loss on trade receivables	-	790,385	-	-
Amortisation of intangible assets	1,216,100	1,216,100	-	-
Bad debt written off	5,000	-	5,000	-
Depreciation of property, plant and equipment	1,506,816	1,474,140	3,997	3,183
Employee benefits expense (excluding benefits-in-kind) (Note (a))	29,498,695	24,375,057	2,188,214	1,401,184
Expenses relating to:				
- short-term leases	605,785	451,885	67,992	51,459
- leases of low value assets	101,522	91,048	-	-
Gain on disposal of property, plant and equipment	-	(70,003)	-	-
Interest expense on:				
- Amount owing to a subsidiary	-	-	8,214,726	8,214,726
- Bank guarantee	50,671	61,401	-	-
- Bank overdrafts	108,591	123,354	-	-
- Lease liabilities	28,502	18,696	-	-
- Medium-term notes	11,566,057	11,493,532	-	-
- Revolving credit	261,216	102,365	-	-
- Term loans	8,293,412	9,274,980	-	-
Interest income from financial institutions	(1,002,138)	(887,860)	(81,728)	(30,596)
Rental income	(18,000)	(19,500)	-	-
Reversal of impairment loss on trade receivables	(882,104)	(523,865)	-	-
Subsidy received from government (Note (c))	-	(167,400)	-	-

(a) Employee benefits expense:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Staff costs				
Salaries, bonus, wages, allowance and overtime	19,819,446	19,119,904	419,395	418,756
Directors' remuneration (Note (b))	4,972,644	1,030,610	1,274,644	742,610
Defined contribution plan	2,288,574	2,308,995	105,546	72,240
Social security contributions	293,781	285,584	1,920	1,519
Termination benefits	34,000	-	-	-
Other benefits	2,090,250	1,629,964	386,709	166,059
	29,498,695	24,375,057	2,188,214	1,401,184



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. PROFIT/(LOSS) BEFORE TAX (CONT'D)

(b) The remuneration of the Directors are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company and subsidiaries				
Executive Directors				
- Fees	152,000	420,000	24,000	132,000
- Salaries and emoluments	3,637,405	83,481	637,405	83,481
- Defined contribution plan	677,901	11,410	107,901	11,410
- Social security contributions	1,338	167	1,338	167
	4,468,644	515,058	770,644	227,058
Non-executive Directors				
- Fees	372,000	384,000	372,000	384,000
- Allowances	132,000	131,552	132,000	131,552
	504,000	515,552	504,000	515,552
	4,972,644	1,030,610	1,274,644	742,610

(c) This relates to wage subsidy granted by the government to the subsidiaries of the Company.

6. TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Income tax:				
- Current year provision	9,324,449	6,728,318	234,516	79,280
- Under/(over)provision in prior year	175,700	(459,345)	(79,280)	(40,831)
	9,500,149	6,268,973	155,236	38,449
Deferred tax: (Note 15)				
- Origination of temporary differences	1,917,836	1,508,319	-	-
- (Over)/underprovision in prior year	(121,987)	646,451	-	-
	1,795,849	2,154,770	-	-
Tax expense for the financial year	11,295,998	8,423,743	155,236	38,449

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





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

6. TAX EXPENSE (CONT'D)

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(loss) before tax	29,581,751	18,433,103	1,056,176	(3,033,946)
Tax at the statutory income tax rate of 24% (2021: 24%)	7,099,620	4,423,945	253,482	(728,147)
Tax effect on:				
- non-deductible expenses	4,218,317	3,905,904	2,981,034	2,727,427
- non-taxable income	(94,906)	(101,149)	(3,000,000)	(1,920,000)
Tax effect on share of results of an associate	(4,626)	(1,309)	-	-
Deferred tax asset not recognised during the financial year	23,880	9,246	-	-
Under/(Over) provision in respect of prior year:				
- income tax	175,700	(459,345)	(79,280)	(40,831)
- deferred tax	(121,987)	646,451	-	-
Tax expense for the financial year	11,295,998	8,423,743	155,236	38,449

A subsidiary of the Company, Dynasty Harmony Sdn. Bhd. ("DHSB") is established solely for the issuance of Islamic Securities that adopt the principles of Shariah and approved by the Securities Commission Malaysia. DHSB is not subject to income tax and is not required to comply with tax compliance or administrative procedures under Section 60I of the Income Tax Act, 1967.

The Group has the following estimated unutilised tax losses and unabsorbed capital allowances available for set-off against future taxable profits:

	Group	
	2022 RM	2021 RM
Unabsorbed capital allowances	1,435	904
Unutilised tax losses	179,383	81,400
	180,818	82,304

The availability of the unutilised tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit. The unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") deemed to be effective from YA 2019.



NOTES TO THE FINANCIAL STATEMENTS

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7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the financial year is calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022 RM	2021 RM
Profit after tax attributable to Owners of the Company	18,285,753	10,009,360
Weighted average number of ordinary shares for basic earnings per share (unit)	576,253,161	536,646,214
Basic earnings per share (sen)	3.17	1.87

(b) Diluted

Diluted earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2022 RM	2021 RM
Profit after tax attributable to Owners of the Company	18,285,753	10,009,360
Weighted average number of ordinary shares for basic earnings per share (unit)	576,253,161	536,646,214
Effect of dilution from:		
- Share options	*	*
- Share grants	93,500	93,500
- Bonus warrants	-	*
Weighted average number of ordinary shares for diluted earnings per share (unit)	576,346,661	536,739,714
Diluted earnings per share (sen)	3.17	1.86

* Share options and Bonus Warrants have no dilutive effect as the average market price of the ordinary share was lower than the exercise prices of the share options and Bonus Warrants.





NOTES TO THE FINANCIAL STATEMENTS

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8. PROPERTY, PLANT AND EQUIPMENT

	Computers RM	Engineering equipment RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Office units RM	Renovation RM	Building extension RM	Right- of-use assets RM	Total RM
Group 2022										
Cost										
At 1 January 2022	4,995,913	896,801	162,262	270,615	454,585	8,856,465	2,088,893	95,000	1,206,301	19,026,835
Additions	459,161	16,224	-	-	16,980	-	-	-	196,110	688,475
Expiry of lease contract	-	-	-	-	-	-	-	-	(192,663)	(192,663)
At 31 December 2022	5,455,074	913,025	162,262	270,615	471,565	8,856,465	2,088,893	95,000	1,209,748	19,522,647
Accumulated depreciation										
At 1 January 2022	2,722,031	719,282	119,891	270,614	250,743	354,259	690,831	64,917	782,578	5,975,146
Depreciation for the financial year	853,884	76,704	11,822	-	35,071	88,565	204,094	19,000	217,676	1,506,816
Expiry of lease contract	-	-	-	-	-	-	-	-	(192,663)	(192,663)
At 31 December 2022	3,575,915	795,986	131,713	270,614	285,814	442,824	894,925	83,917	807,591	7,289,299
Carrying amount										
At 31 December 2022	1,879,159	117,039	30,549	1	185,751	8,413,641	1,193,968	11,083	402,157	12,233,348



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd) 2021	Computers RM	Engineering equipment RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Office units RM	Renovation RM	Building extension RM	Right- of-use assets RM	Total RM
Cost										
At 1 January 2021	3,184,421	853,225	162,262	-	423,477	8,856,465	2,088,893	95,000	3,091,465	18,755,208
Additions	392,092	43,576	-	-	31,108	-	-	-	308,941	775,717
Disposal	-	-	-	-	-	-	-	-	(340,794)	(340,794)
Expiry of lease contract	-	-	-	-	-	-	-	-	(163,296)	(163,296)
Transfer	1,419,400	-	-	270,615	-	-	-	-	(1,690,015)	-
At 31 December 2021	4,995,913	896,801	162,262	270,615	454,585	8,856,465	2,088,893	95,000	1,206,301	19,026,835
Accumulated depreciation										
At 1 January 2021	1,573,537	637,397	108,055	-	213,625	265,694	486,737	45,917	1,532,137	4,863,099
Depreciation for the financial year	793,644	81,885	11,836	-	37,118	88,565	204,094	19,000	237,998	1,474,140
Disposals	-	-	-	-	-	-	-	-	(198,797)	(198,797)
Expiry of lease contract	-	-	-	-	-	-	-	-	(163,296)	(163,296)
Transfer	354,850	-	-	270,614	-	-	-	-	(625,464)	-
At 31 December 2021	2,722,031	719,282	119,891	270,614	250,743	354,259	690,831	64,917	782,578	5,975,146
Carrying amount										
At 31 December 2021	2,273,882	177,519	42,371	1	203,842	8,502,206	1,398,062	30,083	423,723	13,051,689





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers RM	Office equipment RM	Total RM
Company			
2022			
Cost			
At 1 January 2022	1,050	15,390	16,440
Additions	8,145	-	8,145
At 31 December 2022	9,195	15,390	24,585
Accumulated depreciation			
At 1 January 2022	447	6,156	6,603
Depreciation for the financial year	919	3,078	3,997
At 31 December 2022	1,366	9,234	10,600
Carrying amount			
At 31 December 2022	7,829	6,156	13,985
2021			
Cost			
At 1 January 2021/31 December 2021	1,050	15,390	16,440
Accumulated depreciation			
At 1 January 2021	342	3,078	3,420
Depreciation for the financial year	105	3,078	3,183
At 31 December 2021	447	6,156	6,603
Carrying amount			
At 31 December 2021	603	9,234	9,837

- (a) The carrying amounts of property, plant and equipment of the Group pledged to a financial institution as security for a term loan facility as disclosed in Note 23(a) are as follows:

	2022 RM	Group 2021 RM
Office units	8,413,641	8,502,206

The office units are held under a master title in favour of the developer and their strata titles are in the process of issuance.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Right-of-use assets

The Group leases several assets including motor vehicles, computers and operation sites.

The net carrying amount of right-of-use assets recognised by the Group are as follows:

	Motor vehicles RM	Computers RM	Operation sites RM	Total RM
Group				
2022				
Cost				
At 1 January 2022	1,002,019	-	204,282	1,206,301
Additions	126,418	-	69,692	196,110
Expiry of lease contract	-	-	(192,663)	(192,663)
At 31 December 2022	1,128,437	-	81,311	1,209,748
Accumulated depreciation				
At 1 January 2022	647,994	-	134,584	782,578
Depreciation for the financial year	132,310	-	85,366	217,676
Expiry of lease contract	-	-	(192,663)	(192,663)
At 31 December 2022	780,304	-	27,287	807,591
Carrying amount				
At 31 December 2022	348,133	-	54,024	402,157
2021				
Cost				
At 1 January 2021	1,304,487	1,419,400	367,578	3,091,465
Additions	308,941	-	-	308,941
Disposal	(340,794)	-	-	(340,794)
Expiry of lease contract	-	-	(163,296)	(163,296)
Transfer	(270,615)	(1,419,400)	-	(1,690,015)
At 31 December 2021	1,002,019	-	204,282	1,206,301
Accumulated depreciation				
At 1 January 2021	987,566	354,850	189,721	1,532,137
Depreciation for the financial year	129,839	-	108,159	237,998
Disposals	(198,797)	-	-	(198,797)
Expiry of lease contract	-	-	(163,296)	(163,296)
Transfer	(270,614)	(354,850)	-	(625,464)
At 31 December 2021	647,994	-	134,584	782,578
Carrying amount				
At 31 December 2021	354,025	-	69,698	423,723

The Group leases various site offices with lease terms that run for 3 years.

The interest on lease liabilities and expenses relating to short-term lease and lease of low-value assets are disclosed in Note 5.





NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENT PROPERTY

	2022 RM	Group 2021 RM
Freehold land at cost		
At 1 January/31 December	6,174,000	6,174,000

- (a) The above carrying amount of the investment property of the Group is pledged to the financial institutions as security for a term loan facility and revolving credit facilities granted to a subsidiary as disclosed in Note 23(a) and Note 23(e) respectively.
- (b) The fair value of investment property as at 31 December 2022 is RM8,000,000 (2021: RM10,592,000). In the current financial year, the fair value of the above investment property was estimated based on valuation by an independent registered valuer. The valuation was based on market evidence of transaction prices for similar properties and, in which certain values are adjusted for differences in key attributes such as property size, time and location under the comparison method. The Group uses assumptions that are mainly based on market conditions existing at the end of the reporting period. The fair value is determined through the comparison method using Level 2 inputs in the fair value hierarchy of *MFRS 13 Fair Value Measurement* as disclosed in Note 28.

In the previous financial year, the fair value is determined by the Directors based on market value for similar property in the same vicinity. The fair value of the investment property is categorised as Level 3 in the fair value hierarchy of *MFRS 13 Fair Value Measurement* as disclosed in Note 28.

The change in fair value hierarchy from Level 3 to Level 2 from the previous financial year to the current financial year does not have financial impact on the carrying amount of the investment property of the Group measured at cost less accumulated impairment.

10. OPERATING FINANCIAL ASSET

	2022 RM	Group 2021 RM
Non-current	292,008,986	302,766,079
Current	31,079,586	32,308,428
	<u>323,088,572</u>	<u>335,074,507</u>

On 21 November 2011, a wholly-owned subsidiary, KP Mukah Development Sdn. Bhd. ("KPMD") entered into a Concession Agreement with the Government of Malaysia and Universiti Teknologi Mara ("UiTM") for the rights and authority to undertake the planning, design, finance, development, construction, landscaping, equipping, installation, completion, testing, commissioning and leasing of the Facilities and Infrastructure of UiTM Sarawak Campus and thereafter to carry out the Asset Management Services of the Facilities and Infrastructure (collectively referred to as the "Concession").

The salient terms of the Concession Agreement are as follows:

- (i) the Concession Period shall be for a period of twenty-three (23) years which consists of three (3) years for construction works and twenty (20) years for Asset Management Services commencing from the construction commencement date and ending on 8 October 2035 ("Concession expiry date").
- (ii) the Asset Management Services will commence upon the issuance of Certificate of Acceptance by UiTM and expiring on the concession expiry date or the termination date, whichever is earlier.
- (iii) at the end of concession expiry date, KPMD is required to handover the facilities and infrastructure at no cost to UiTM in a well-maintained and operational condition.



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31 DECEMBER 2022

10. OPERATING FINANCIAL ASSET (CONT'D)

The construction was completed and the Certificate of Acceptance was issued by UiTM on 9 October 2015. The issuance of Certificate of Acceptance was to confirm the acceptance of the availability of Facilities and Infrastructure by UiTM and to confirm the commencement of the Asset Management Services Period was on 9 October 2015.

UiTM shall pay KPMD throughout the Asset Management Services Period for the following charges:

- (i) Availability Charges for the availability of the Facilities and Infrastructure; and
- (ii) Asset Management Services Charges for the provision of maintenance services and asset replacement programme in accordance with the provision of the Concession Agreement.

The carrying amount of the operating financial asset represents the fair value of the consideration receivable for the construction of Facilities and Infrastructure delivered during the concession period. It carries an imputed interest rate of 9.80% (2021: 9.80%) per annum and is repayable in the form of Availability Charges upon fulfilment of the terms and conditions in the Concession Agreement.

All rights, interest and title limited to the Availability Charges, any amount payable by the Government of Malaysia, and reimbursement of costs by UiTM are assigned to a financial institution to secure a term loan facility granted to KPMD as disclosed in Note 23(a).

11. INTANGIBLE ASSETS

	Customer contract RM	Goodwill RM	Total RM
Group 2022			
Cost			
At 1 January 2022/31 December 2022	24,322,000	8,608,517	32,930,517
Accumulated amortisation			
At 1 January 2022	9,728,800	-	9,728,800
Amortisation charge for the financial year	1,216,100	-	1,216,100
At 31 December 2022	10,944,900	-	10,944,900
Carrying amount			
At 31 December 2022	13,377,100	8,608,517	21,985,617
2021			
Cost			
At 1 January 2021/31 December 2021	24,322,000	8,608,517	32,930,517
Accumulated amortisation			
At 1 January 2021	8,512,700	-	8,512,700
Amortisation charge for the financial year	1,216,100	-	1,216,100
At 31 December 2021	9,728,800	-	9,728,800
Carrying amount			
At 31 December 2021	14,593,200	8,608,517	23,201,717





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. INTANGIBLE ASSETS (CONT'D)

(a) Customer contract

Customer contract is related to the valuation performed via Purchase Price Allocation (“PPA”) exercise upon acquisition of a subsidiary of the Company in previous years. The customer contract is amortised over 20 years.

The amortisation expense is shown in the “administrative expenses” line item in the statements of comprehensive income.

(b) Goodwill

Goodwill arising from business combinations has been allocated to a subsidiary, representing the cash-generating unit (“CGU”), Everfine FMS Sdn. Bhd. (“Everfine”) for impairment testing as follows:

The recoverable amount of Everfine has been determined based on value-in-use calculation using cash flows projections from financial forecast and projections approved by Board of Directors covering remaining contractual maintenance period of 11 years. The pre-tax discount rate (per annum) applied to the cash flows projections are as follows:

	2022 %	2021 %
Average gross profit margin	30.00	30.00
Pre-tax discount rate	11.42	9.62

(i) Average gross profit margin – This is based on the facilities management services agreement between Unitapah Sdn. Bhd. (“Unitapah”) and Everfine dated 17 March 2014.

Unitapah has appointed the subsidiary for the maintenance works of the facilities and infrastructure of Universiti Teknologi Mara.

(ii) Discount rate used for cash flows discounting purpose is the weighted average cost of capital of the Company. The discount rate applied to the cash flows projections is pre-tax and reflects management’s estimates of the risk specific to the CGU at the date of assessment.

(iii) There are no significant changes in maintenance income.

Sensitivity to change in assumption

The sensitivity analysis below indicates the approximate change in the recoverable amount of the goodwill that would arise if the following key estimate and assumption adopted in the value-in-use method had changed at the reporting date, assuming all other estimates, assumptions and other variables remained constant.

	Change in assumption, holding other inputs constant	Decrease in recoverable amount of goodwill RM
Maintenance income	No revision throughout the remaining contractual period	1,011,788
Average gross profit margin	Decrease by 2%	2,467,390

Management believes that any reasonably possible change in key assumptions would not cause the carrying amount of the goodwill to exceed its recoverable amount.



NOTES TO THE FINANCIAL STATEMENTS

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12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost		
At 1 January/31 December	162,014,753	162,014,753
Capital contribution to subsidiaries (Note (a))		
At 1 January	1,531,429	1,612,523
Forfeiture of ESOS and ESGS	(96,884)	(81,094)
At 31 December	1,434,545	1,531,429
Net carrying amount		
At 31 December	163,449,298	163,546,182

(a) Capital contribution to subsidiaries

During the financial year, the capital contribution amounting to RM96,884 (2021: RM81,094) relating to the forfeiture of ESOS and ESGS is treated as reversal cost of its investments in the subsidiaries.

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
Global Facilities Management Sdn. Bhd. ("GFMSB")	Malaysia	100	100	Provision of facilities operations, maintenance management and engineering services
KP Mukah Development Sdn. Bhd. ("KPMD")	Malaysia	100	100	Concession arrangement, provision of infrastructure facility and provision of maintenance services
GFM Solutions Sdn. Bhd. ("GFMS")	Malaysia	100	100	Provision of facilities audit and engineering services
Dynasty Harmony Sdn. Bhd. ("DHSB")	Malaysia	100	100	Issuance of Islamic securities and invest in Shariah-compliant securities
GFM Shared Services Sdn. Bhd. ("GMSS")	Malaysia	100	100	Render group management and administrative services
Subsidiary of GFMSB Everfine FMS Sdn. Bhd. ("Everfine")	Malaysia	100	100	Provision of facilities management services





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13. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unquoted shares, at cost				
At 1 January/31 December	50,225	50,225	50,225	50,225
Share of post-acquisition reserves				
At 1 January	18,483	13,027	-	-
Share of results	19,273	5,456	-	-
At 31 December	37,756	18,483	-	-
Carrying amount				
At 31 December	87,981	68,708	50,225	50,225

Details of the associate are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
Tanand Technology Sdn. Bhd. * #	Malaysia	10	10	Customised engineering services, Internet of Things ("IoT") technologies and big data analytics

* *Tanand Technology Sdn. Bhd. is considered an associate although the Company does not own more than 20% of its equity as the Company is able to exercise significant influence over its financial and operating activities through the appointment of one of the Directors of the Company as a corporate representative of the associate.*

Not audited by Moore Stephens Associates PLT.

Management is of the view that disclosure of the associate's financial information is immaterial to be presented.

14. OTHER INVESTMENT

	Group and Company	
	2022 RM	2021 RM
At Fair Value through Other Comprehensive Income:		
At 1 January	16,685,000	15,000,000
Addition	900,000	4,100,000
Changes in fair value	-	(2,415,000)
At 31 December	17,585,000	16,685,000

Represented by:

	Group and Company	
	2022 RM	2021 RM
Unquoted equity securities:		
Highbase Strategic Sdn. Bhd. (Note (a))	17,585,000	16,685,000



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14. OTHER INVESTMENT (CONT'D)

(a) Highbase Strategic Sdn. Bhd.

On 17 December 2019, the Company had entered into a Redeemable Convertible Preference Shares ("RCPS") Subscription Agreement ("RCPS SA") with Highbase Strategic Sdn. Bhd. ("HSSB") to subscribe for up to RM20,000,000 HSSB RCPS subject to a minimum subscription of RM15,000,000 HSSB RCPS. The Group and the Company have fully subscribed to the minimum subscription of RM15,000,000 on 2 November 2020.

On 21 July 2021, the Company entered into a Second Supplemental HSSB RCPS SA for the proposed subscription for up to additional RM5,000,000 of RCPS to be satisfied by cash. On 24 July 2021, 26 November 2021 and 7 December 2021, the Company has subscribed of RM2,000,000, RM1,500,000 and RM600,000 RCPS respectively pursuant to the Second Supplemental HSSB RCPS SA. On 12 January 2022 and 29 April 2022, the Company has subscribed additional of RM500,000 and RM400,000 RCPS respectively, resulted the Group and the Company have fully subscribed the proposed subscription of RM5,000,000 pursuant to Second Supplemental HSSB RCPS SA on 29 April 2022.

The Group and the Company designated the investments in equity as fair value through other comprehensive income because these investments in equity securities are for long-term strategic purposes. In the previous financial year, the Group and the Company accounted for the changes in fair value of the investment in RCPS amounted to RM2,415,000 in the fair value reserve.

The fair value of the unquoted investment is determined based on input and the information applicable to level 3 fair value measurement. The fair value of unquoted investment has been estimated using Discounted Cash Flows ("DCF") technique. The DCF model incorporates unobservable inputs, amongst others, the forecast cash flows, long-term growth rates, cost of capital, long-term operating margins and discount rate.

The salient terms of the RCPS are as follows: -

(i) Redemption price

The redemption price of the RCPS ("Redemption price") shall be based on the sum of the Issue Price and all dividends accrued up to the Redemption Date and all dividends outstanding which remain unpaid based on the Dividend rate.

(ii) Dividend rate

2021

Each RCPS carries a fixed dividend rate of 6% per annum calculated based on the Issue price. The fixed dividend is due and payable on the 31 December of every year, subject to the availability of distributable profits, and/or as the Board of Directors of the Issuer deem fit and/or expedient and in the best interest of the Issuer.

To the extent that the fixed dividend or any part thereof is not declared or paid after the date on which the RCPS are first issued, it shall continue to accumulate and be declared or paid on accumulative basis not later than the Maturity date.

2022

On 27 June 2022, a Supplemental Agreement in relation to the HSSB RCPS have been entered between the Company and HSSB to delete entirely and substitute the salient terms (ii) above as follows:

The Issuer shall determine the dividend payable to holder of RCPS based on the financial position of HSSB. Any such declaration of dividends shall be from the distribution profits from its retained earnings should the Issuer be in the position to do so.

(iii) Conversion

Any RCPS that is not redeemed prior to 1 May 2024 and any accrued dividend from the RCPS as at 30 April 2024, the investee shall be automatically converted to Issuer's shares.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

14. OTHER INVESTMENT (CONT'D)

(a) Highbase Strategic Sdn. Bhd. (cont'd)

The salient terms of the RCPS are as follows: - (cont'd)

(iv) Redemption rights

Both the Issuer and the Investors shall have the right to issue notice of redemption respectively.

(v) Transferability

The RCPS may be transferred to any party, subject to prior written consent from the Issuer, at the subscription amount plus the accrued dividend, subject to any rules and regulations applicable to such transfer.

(vi) Collateral

The collateral pledged for the RCPS upon the subscription thereof shall be:

- (i) A property asset which is valued at approximately RM3,000,000; and
- (ii) Personal guarantee by certain Directors of HSSB.

(vii) Ranking

- (i) The RCPS shall rank equally amongst themselves and shall rank in priority to all other preference shares of HSSB; if any
- (ii) The RCPS shall rank in priority to the HSSB shares and unsecured obligations of the Issuer;
- (iii) The RCPS will rank ahead in regards to payment of dividends in all classes of the HSSB shares;
- (iv) Upon liquidation of the Issuer, the Investor being the holder of the RCPS shall have the priority in the redemption of the RCPS based on the redemption price over any payment to the shareholders of the Issuer;
- (v) The investor being the holder of the RCPS shall not be entitled to participate in the balance assets of the Issuer after the redemption of the RCPS; and
- (vi) The new RCPS shares to be issued pursuant to the conversion of the RCPS shall, upon issuance and allotment, rank pari passu in all respect with the existing HSSB shares, save and except that the said new HSSB shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions which are declared or paid, the entitlements date of which is prior to the date of allotment and issuance of the said new HSSB shares.

15. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2022 RM	2021 RM
At 1 January	(44,984,816)	(42,830,046)
Recognised in profit or loss (Note 6)	(1,795,849)	(2,154,770)
At 31 December	<u>(46,780,665)</u>	<u>(44,984,816)</u>



NOTES TO THE FINANCIAL STATEMENTS

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15. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Presented after appropriate offsetting:

	2022 RM	Group 2021 RM
Deferred tax assets	22,346	20,070
Deferred tax liabilities	(46,803,011)	(45,004,886)
	<u>(46,780,665)</u>	<u>(44,984,816)</u>

The Group has recognised the deferred tax assets as it is probable that its subsidiaries would generate sufficient taxable profits in future against which the deferred tax assets can be utilised based on profit forecast and projections approved by the Board of Directors covering a 12-month period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Presented before appropriate offsetting:

	2022 RM	Group 2021 RM
Deferred tax assets	1,214,853	1,945,296
Deferred tax liabilities	(47,995,518)	(46,930,112)
	<u>(46,780,665)</u>	<u>(44,984,816)</u>

This is in respect of estimated deferred tax assets/(liabilities) arising from temporary differences as follows:

	2022 RM	Group 2021 RM
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and their tax base	(392,547)	(351,661)
Customer contract	(3,210,504)	(3,502,368)
Operating financial asset	(44,392,467)	(43,076,083)
	<u>(47,995,518)</u>	<u>(46,930,112)</u>
Deferred tax assets		
Contract liabilities	955,194	1,639,188
Unabsorbed capital allowances	175	217
Unutilised tax losses	-	513
Other deductible temporary differences	259,484	305,378
	<u>1,214,853</u>	<u>1,945,296</u>
	<u>(46,780,665)</u>	<u>(44,984,816)</u>





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

15. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group	
	2022 RM	2021 RM
Unabsorbed capital allowances	706	-
Unutilised tax losses	179,383	80,591
	180,089	80,591

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade				
Trade receivables (Note (a))	20,759,605	17,052,398	-	-
Less: Allowance for impairment loss	(125,865)	(1,007,969)	-	-
	20,633,740	16,044,429	-	-
Non-trade				
Other receivables	801,559	644,029	374,066	328,204
Less: Allowance for impairment loss	(110,565)	(110,565)	(107,655)	(107,655)
	690,994	533,464	266,411	220,549
Amounts owing by subsidiaries (Note (b))	-	-	21,984,475	19,177,431
Amount owing by an associate (Note (c))	316,896	316,896	316,896	316,896
Deposits (Note (d))	832,610	805,767	508,250	508,250
Goods and Services Tax ("GST") refundable	-	339,433	-	-
Prepayments (Note (e))	2,081,283	1,352,750	23,031	104,825
	3,921,783	3,348,310	23,099,063	20,327,951
	24,555,523	19,392,739	23,099,063	20,327,951

(a) Trade receivables

The Group's normal trade credit term is 30 days (2021: 30 days) from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

Included in the Group's trade receivables is a gross outstanding balance of RM3,106,881 (RM2021: RM Nil) which will be collected within 24 months pursuant to the repayment scheme. The outstanding balance is unsecured and bearing interest at a rate of 4% (2021: Nil %) per annum.

(b) Amounts owing by subsidiaries

Amounts owing by subsidiaries are non-trade in nature, unsecured, interest-free and collectible on demand in cash.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

16. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Amount owing by an associate

Amount owing by an associate is non-trade in nature, unsecured, interest-free and collectible by way of supply of assets as stated in the Collaboration Agreement entered by the Company and the associate.

(d) Deposits

Included in the deposits of the Group and the Company is an amount of RM500,000 (2021: RM500,000) which represents the refundable initial deposit paid in relation to Heads of Agreement ("HOA") with Hamzah bin Omar, Mohd Ismail bin Norbat and Mazlan bin Ali ("collectively known as "Sellers") to acquire 70% equity interest in Amzass (M) Sdn. Bhd. ("Amzass") by the Company ("Proposed Acquisition"). On 20 April 2022, the Company announced the termination of Joint Venture Agreement entered between the Company and Amzass on 20 September 2021. Both the Sellers and the Company have agreed that the RM500,000 deposit to be settled by allotment of new ordinary shares in Amzass to the Group and the Company, representing a 15% unquoted shares investment in Amzass. The issuance of ordinary shares to be completed subsequent to the financial year.

(e) Prepayments

Included in prepayments are advance payment made to a supplier for services to be received from the supplier amounted to RM1,403,766 (2021: RM Nil).

17. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022 RM	2021 RM
Contract assets relating to:		
Facilities management services	15,360,781	13,820,727
Concession contract	4,649,612	-
	20,010,393	13,820,727
Contract liabilities relating to:		
Concession contract	(10,880,566)	(11,430,346)
	Company	
	2022 RM	2021 RM
Contract assets relating to:		
Accrued billings for management fees	95,498	32,178

The contract assets of the Group relate to the right for consideration for the following services rendered but not yet billed at the reporting date:

- (a) Provision of facilities management services rendered in accordance to the facilities management contract; and
- (b) Availability charges and the provision of maintenance services and asset management services pursuant to the Concession Agreement.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

The contract assets of the Company relate to the right for consideration for the provision of management service rendered to subsidiaries but not yet billed at the reporting date.

Typically, the amounts of contract assets of the Group and of the Company will be billed within 30 days and payment is expected within 30 days.

The contract liabilities relating to a concession contract represents maintenance reserve fund established for the purpose of carrying out capital replacements for the Facilities and Infrastructure of UiTM Campus which will be incurred during the concession period pursuant to the Concession Agreement by a subsidiary of the Company.

Movement of contract assets/(liabilities) is as follows:

(i) Facilities management

	Group	
	2022 RM	2021 RM
At 1 January	13,820,727	8,210,770
Revenue recognised during the financial year (Note 4)	96,440,268	81,439,419
Billing issued during the financial year	(94,900,214)	(75,829,462)
At 31 December	15,360,781	13,820,727

(ii) Concession contract

	Group	
	2022 RM	2021 RM
At 1 January	(11,430,346)	(3,902,557)
Revenue recognised during the financial year (Note 4)	44,358,231	42,684,550
Billing issued during the financial year	(39,158,839)	(50,212,339)
At 31 December	(6,230,954)	(11,430,346)

(iii) Management fee

	Company	
	2022 RM	2021 RM
At 1 January	32,178	70,857
Revenue recognised during the financial year (Note 4)	1,065,006	488,785
Billing issued during the financial year	(1,001,686)	(527,464)
At 31 December	95,498	32,178



NOTES TO THE FINANCIAL STATEMENTS

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18. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	47,482,929	30,415,373	13,043,905	1,052,076
Deposits with licensed banks	53,704,216	48,870,021	5,583,113	1,474,804
	101,187,145	79,285,394	18,627,018	2,526,880
Interest rate per annum (%)	1.80 - 2.70	1.00 - 2.00	2.10	1.50
Maturity period (days)	22 - 365	1 - 365	30	30

Included in the deposits, cash and bank balances of the Group are:

- (i) an amount of RM1,950,000 (2021: RM Nil) pledged as security for bank guarantee granted to a subsidiary.
- (ii) an amount of RM10,707,515 (2021: RM8,393,867) pledged as a security for term loan facilities, bank overdrafts and revolving credit facilities granted to a subsidiary of the Company as disclosed in Note 23(a), (d) and (e);
- (iii) escrow accounts of RM14,564,513 (2021: RM14,652,128) pledged as a security for a term loan facility for refinancing of the construction of the UiTM Campus as disclosed in Note 23(a). This amount is not freely available for general use;
- (iv) an amount of RM19,159,511 (2021: RM21,116,345) held under a subsidiary's Disbursement Account, Finance Service Reserve Account, Liquidity Reserve Account and Revenue Account (collectively known as "Designated Accounts"). The subsidiary has assigned and charged to the Security Trustee all its present and future rights, title, interest and benefits in and under the Designated Accounts for repayment of the total secured amount for the Medium-Term Notes as disclosed in Note 23(c). The Designated Accounts are operated solely by the Security Trustee and therefore restricted from general use by the subsidiary; and
- (v) designated account of RM2,673,082 (2021: RM577,374), which is part of the security arrangements of Medium-Term Notes facilities undertaken by a subsidiary as disclosed in Note 23(c). The Designated Account is operated solely by the Security Trustee and therefore restricted from general use by the subsidiary.

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19. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Issued and fully paid:				
At 1 January	550,378,625	520,880,625	82,536,993	76,023,351
Issuance of shares				
- ESGS	-	98,000	-	44,002
- Private placement	140,077,012	29,400,000	20,583,127	6,469,640
Exercise of warrants	6,500	-	2,470	-
At 31 December	690,462,137	550,378,625	103,122,590	82,536,993





NOTES TO THE FINANCIAL STATEMENTS

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19. SHARE CAPITAL (CONT'D)

Ordinary shares

During the financial year, the Company has increased its issued and paid-up capital by way of:

- (i) conversion of 6,500 warrants to ordinary shares on 26 January 2022 at RM0.38 per warrant totaling RM2,470;
- (ii) issuance of 25,000,000 new ordinary shares on 14 April 2022 at RM0.1881 per share totaling RM4,702,500 pursuant to a private placement; and
- (iii) issuance of 115,077,012 new ordinary shares on 7 December 2022 at RM0.138 per share totaling RM15,880,627 pursuant to a private placement.

In the previous financial year, the Company had increased its issued and paid-up capital by way of:

- (i) issuance of 17,000,000 new ordinary shares on 3 June 2021 at RM0.2306 per share totaling RM3,920,200 pursuant to a private placement;
- (ii) allotment of 98,000 new ordinary shares on 5 July 2021 at RM0.449 per share totaling RM44,002 pursuant to the vesting of shares under the Employees' Share Grant Scheme; and
- (iii) issuance of 12,400,000 new ordinary shares on 13 July 2021 at RM0.2056 per share totaling RM2,549,440 pursuant to a private placement.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Bonus Warrants ("Warrants")

On 7 February 2019, the Company listed and quoted 235,456,618 free warrants ("Bonus Warrants") pursuant to the Bonus Issue of Warrants at an exercise price of RM0.38 per warrant on the basis of one Bonus Warrant for every two existing ordinary shares in the Company held by entitled shareholders of the Company. The Bonus Warrants are constituted by the Deed Poll dated 10 January 2019.

On 26 January 2022, 6,500 warrants have been converted to ordinary shares. The remaining unexercised 235,449,629 warrants have expired and lapsed on 28 January 2022.

20. OTHER RESERVES

	Group and Company	
	2022 RM	2021 RM
Fair value reserve (Note (a))	(2,415,000)	(2,415,000)
Share option reserve (Note (b))	272,754	369,638
Share grant reserve (Note (b))	31,353	31,353
	<u>(2,110,893)</u>	<u>(2,014,009)</u>

(a) Fair value reserve of financial assets at FVOCI

This reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income ("FVOCI") until the investments are derecognised or disposed.

The Group has elected to recognise changes in fair value of investment in RCPS in other comprehensive income, as explained in Note 14. These changes are accumulated within the fair value reserve of financial assets at FVOCI.



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20. OTHER RESERVES (CONT'D)

(b) Share option reserve and share grant reserve

This relates to the Employees' Share Scheme ("ESS") implemented on 9 March 2018. The ESS, which comprises the Employees' Share Option Scheme ("ESOS") and Employees' Share Grant Scheme ("ESGS") allows the Company to grant share options and share grants under the ESOS and ESGS respectively to eligible Non-Executive Directors and eligible employees of the Company and/or its eligible subsidiaries. The ESS is governed by the By-Laws of the ESS which was approved by the shareholders on 17 October 2017 and is administered by the ESS Committee which is appointed by the Board of Directors, in accordance with the By-Laws.

The main features of the ESS are as follows:

- (i) The maximum number of new ordinary shares which may be made available under the Scheme at the point in time when an ESS award is offered shall not be more than five percent (5%) of the issued and paid-up ordinary share capital of the Company; and
- (ii) In the case of the ESGS, the shares will be vested with the grantee at no consideration on the vesting date; while in the case of the ESOS, the option price will be determined based on the five (5) days volume weighted average market price of the ordinary shares on the date the ESOS award is offered with a potential discount of not more than ten percent (10%) or any such other limit in accordance with any prevailing guideline issued by the By-Laws.

ESOS

The number and weighted average exercise price ("WAEP") of share options outstanding are as follows:

	WAEP 2022	No. of share options Units 2022	WAEP 2021	No. of share options Units 2021
1 January	RM0.4298	1,740,000	RM0.4298	2,172,000
Forfeited *	RM0.4298	(488,500)	RM0.4298	(432,000)
At 31 December	RM0.4298	1,251,500	RM0.4298	1,740,000

* Forfeited due to cessation of eligible employees.

The number of shares exercisable as at 31 December 2022 is 1,251,500 (2021: 1,740,000) shares.

The weighted average exercise price for options outstanding as at 31 December 2022 is RM0.4298 (2021: RM0.4298) and the remaining contractual life for the share options outstanding as at 31 December 2022 was 0.2 years (2021: 1.2 years). Subsequent to the financial year, the unexercised ESOS have expired on 8 March 2023.

The fair values of the share options granted under the ESOS to which MFRS 2 Share-based Payment applies were determined using the Trinomial model. The significant inputs into the model were as follows:

	ESOS	
	Offer 1	Offer 2
Exercise price	RM0.4555	RM0.4041
Date of grant	30.8.2018	17.6.2019
Fair value at grant date	RM0.2201	RM0.1836
Vesting period	1 year	1 year
Weighted average share price at grant date	RM0.5050	RM0.4350
Expected dividend yield	None	None
Risk-free interest rates	3.839%	3.460%
Expected volatility	41.891%	47.922%





NOTES TO THE FINANCIAL STATEMENTS

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20. OTHER RESERVES (CONT'D)

(b) Share option reserve and share grant reserve (cont'd)

ESGS

The movement during the financial year in the number of share grants in which eligible Non-Executive Directors and eligible employees of the Company and/or its eligible subsidiaries are entitled to are as follows:

	At 1.1.2021 Unit	Vested Unit	Forfeited * Unit	At 31.12.2021 Unit
Date of offer				
Offer 1	50,500	-	(2,500)	48,000
Offer 2	148,500	(98,000)	(5,000)	45,500
	At 1.1.2022 Unit	Vested Unit	Forfeited * Unit	At 31.12.2022 Unit
Date of offer				
Offer 1	48,000	-	-	48,000
Offer 2	45,500	-	-	45,500

* Forfeited due to cessation of eligible employees.

The fair values of the share grants under the ESGS to which *MFRS 2 Share-based Payment* applies were determined using the Trinomial model. The significant inputs into the model were as follows:

	Offer 1	ESGS Offer 2
Exercise price	*	*
Date of grant	30.8.2018	17.6.2019
Fair value at grant date	RM0.5061	RM0.4490
Vesting period	1 year	1 year
Weighted average share price at grant date	RM0.5050	RM0.4350
Expected dividend yield	None	None
Risk-free interest rates	3.839%	3.460%
Expected volatility	41.891%	47.922%

* The shares under the ESGS will vest with the grantee at no consideration on the vesting date.

The remaining contractual life for the share grants outstanding as at 31 December 2022 was 0.2 years (2021: 1.2 years). Subsequent to the financial year, the unexercised ESGS have expired on 8 March 2023.

The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may also not necessarily be the actual outcome.



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21. REORGANISATION DEFICIT

	Group	
	2022 RM	2021 RM
At 1 January/31 December	(45,265,315)	(45,265,315)

Reorganisation deficit relates to the acquisition of GFMSB in previous financial years as a continuation of the acquired entity. Therefore, the share capital of GFMSB is reflected as reorganisation deficit as at 1 January 2016 and 31 December 2016. In previous financial years, the Company completed its Pre-Initial Public Offering Reorganisation on 26 December 2016. Consequently, capital reorganisation deficit represented the difference between the purchase consideration to acquire GFMSB and the share capital of GFMSB as at 31 December 2017.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current:				
Non-trade				
Amount owing to a subsidiary (Note (b))	-	-	110,884,249	112,668,234
Current:				
Trade				
Trade payables (Note (a))	6,866,041	7,226,187	-	-
Non-trade				
Amounts owing to subsidiaries (Note (c))	-	-	11,818,969	10,247,969
Other payables	5,305,902	2,703,068	90,519	186,220
Accruals	8,735,876	10,884,045	272,507	553,771
	14,041,778	13,587,113	12,181,995	10,987,960
Total current payables	20,907,819	20,813,300	12,181,995	10,987,960
Total payables	20,907,819	20,813,300	123,066,244	123,656,194

- (a) The normal trade credit terms granted by the trade payables to the Group range from 30 to 90 (2021: 30 to 90) days.
- (b) This amount owing to a subsidiary is non-trade in nature, secured, bearing interest at a rate of 7.46% (2021: 7.46%) per annum and repayable over a period of more than 5 years in accordance to the scheduled payment as stated in an Inter-company Financing Agreement.
- (c) Amounts owing to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand, except for an amount of RM10,000,000 (2021: RM8,000,000) owing to a subsidiary, DHSB in relation to the Inter-company Financing Agreement as disclosed in Note 22(b).





NOTES TO THE FINANCIAL STATEMENTS

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23. LOANS AND BORROWINGS

		Group	
	Note	2022 RM	2021 RM
Non-current liabilities			
Term loans	(a)	104,989,503	128,029,603
Lease liabilities	(b)	404,593	410,920
Medium-term notes	(c)	151,056,347	150,176,335
		<u>256,450,443</u>	<u>278,616,858</u>
Current liabilities			
Term loans	(a)	23,029,987	23,964,533
Lease liabilities	(b)	177,197	207,778
Medium-term notes	(c)	1,037,103	958,561
Bank overdrafts	(d)	1,006,386	1,985,533
Revolving credit	(e)	7,088,670	4,027,744
		<u>32,339,343</u>	<u>31,144,149</u>
		<u>288,789,786</u>	<u>309,761,007</u>
Total loans and borrowings			
Term loans	(a)	128,019,490	151,994,136
Lease liabilities	(b)	581,790	618,698
Medium-term notes	(c)	152,093,450	151,134,896
Bank overdrafts	(d)	1,006,386	1,985,533
Revolving credit	(e)	7,088,670	4,027,744
		<u>288,789,786</u>	<u>309,761,007</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

23. LOANS AND BORROWINGS (CONT'D)

(a) Term loans

	Group	
	2022 RM	2021 RM
Non-current:		
Term loan I	6,141,250	6,370,215
Term loan III	98,848,253	121,659,388
	<u>104,989,503</u>	<u>128,029,603</u>
Current:		
Term loan I	218,852	218,852
Term loan II	-	934,546
Term loan III	22,811,135	22,811,135
	<u>23,029,987</u>	<u>23,964,533</u>
	<u>128,019,490</u>	<u>151,994,136</u>
Total term loans:		
Term loan I	6,360,102	6,589,067
Term loan II	-	934,546
Term loan III	121,659,388	144,470,523
	<u>128,019,490</u>	<u>151,994,136</u>

Maturity profile of term loans:

	Group	
	2022 RM	2021 RM
Current		
Within 1 year	23,029,987	23,964,533
Non-current		
Due in more than:		
- 1 year but not later than 2 years	23,018,282	23,037,207
- 2 years but not later than 5 years	69,626,426	69,157,359
- 5 years	12,344,795	35,835,037
	<u>104,989,503</u>	<u>128,029,603</u>
	<u>128,019,490</u>	<u>151,994,136</u>





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

23. LOANS AND BORROWINGS (CONT'D)

(a) Term loans (cont'd)

Term loan I

Term loan I bears interest ranging from 3.25% to 4.25% (2021: at a rate of 3.25%) per annum and is repayable by monthly instalment of RM35,813 over 299 months and last instalment of the remaining loan balance, commencing from the date of full drawdown of term loan.

A subsidiary of the Company, GFMSB is required to maintain the gearing ratio of not exceeding 1.0 time throughout the duration of the term loan facility.

Term loan I is secured by the following:

- (i) a fixed deposit with a licensed bank as disclosed in Note 18(ii);
- (ii) a Deed of Assignment over 6 office units held under Master Title GRN 310510, Lot 29242 Seksyen 1 in Bandar Ulu Kelang, Daerah Gombak, Negeri Selangor as disclosed in Note 8(a);
- (iii) jointly and severally guaranteed by several Directors of the Company; and
- (iv) guarantee by Credit Guarantee Corporation Malaysia Berhad.

Term loan II

Term loan II bears interest ranging from 4.22% to 6.82% (2021: 4.19% to 4.22%) per annum and is repayable by monthly instalment of RM163,724 over 59 months and last instalment of the remaining loan balance, commencing from the date of full drawdown of term loan. During the financial year, the subsidiary has fully repaid the outstanding loan amount.

The major covenants that are required to be complied by the Group are as follows:

- (i) GFMSB's gearing ratio shall not exceed 1.0 time;
- (ii) GFMSB's Debt Servicing Coverage Ratio ("DSCR") shall not be less than 1.0 time; and
- (iii) tangible net worth of GFMSB shall not be less than RM31,000,000.

Term loan II is secured by the following:

- (i) a fixed deposit with licensed banks as disclosed in Note 18(ii);
- (ii) a Deed of Assignment over the contract proceeds from GFMSB;
- (iii) corporate guarantee by the Company; and
- (iv) a legal charge over a unit of vacant commercial land at GRN 29182, Lot 1672, Seksyen 41 in Bandar Kuala Lumpur, Daerah Kuala Lumpur as disclosed in Note 9.

Term loan III

Term loan III bears interest ranging from 5.75% to 6.50% (2021: at a rate of 5.75%) per annum and is repayable by monthly instalment of RM1,900,928 over 147 months and last instalment of the remaining loan balance, commencing from 33rd month from the date of full drawdown of term loan.

A subsidiary of the Company, KPMD is required to maintain the debt-to-equity ratio of not more than 90:10 at all times.

Term loan III is secured by the following:

- (i) an escrow account as disclosed in Note 18(iii);
- (ii) assignment of all rights, title and benefits of a subsidiary of the Company in relation to the Concession Agreement executed between the subsidiary, Government of Malaysia and UiTM as disclosed in Note 10; and
- (iii) debenture creating a first fixed and floating charge over all present and future assets.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

23. LOANS AND BORROWINGS (CONT'D)

(b) Lease liabilities

The average interest rates implicit in the leases are ranging from 2.15% to 6.85% (2021: 2.15% to 6.85%) per annum.

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2022 RM	2021 RM
<i>Future minimum lease payments:</i>		
Repayable within 1 year	201,197	231,711
Repayable more than 1 year but less than 2 years	164,412	141,661
Repayable more than 2 years but less than 5 years	247,176	225,791
Repayable more than 5 years	27,139	76,127
	639,924	675,290
Less: Future finance charges	(58,134)	(56,592)
Total present value of lease liabilities	581,790	618,698
<i>Present value of lease liabilities:</i>		
Repayable within 1 year	177,197	207,778
Repayable more than 1 year but less than 2 years	148,412	126,856
Repayable more than 2 years but less than 5 years	229,464	211,968
Repayable more than 5 years	26,717	72,096
	581,790	618,698
<i>Represented by:</i>		
Rental lease liabilities	56,879	75,332
Finance lease liabilities	524,911	543,366
	581,790	618,698





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

23. LOANS AND BORROWINGS (CONT'D)

(c) Medium-term notes

	Group	
	2022 RM	2021 RM
At net proceeds:		
At 1 January/31 December	148,701,500	148,701,500
Accretion of discount:		
At 1 January	2,433,396	1,547,361
Interest expense	11,566,057	11,493,532
Interest paid	(10,607,503)	(10,607,497)
At 31 December	3,391,950	2,433,396
Carrying amount		
At 31 December	152,093,450	151,134,896
<i>Represented by:</i>		
Current	1,037,103	958,561
Non-current	151,056,347	150,176,335
	152,093,450	151,134,896

The medium term-notes are repayable as follows:

	Group	
	2022 RM	2021 RM
Non-current:		
Due in more than 5 years	151,056,347	150,176,335

On 21 December 2018, a wholly-owned subsidiary of the Company, DHSB issued RM165 million nominal value Medium-Term Notes under the Sukuk Wakalah programme.

The proceeds from the issuance of the Sukuk Wakalah is expected to be utilised for finance investment activities, capital expenditure, working capital requirement and other general corporate purposes, which include repayment of any financing activities, borrowings or advances.

The interest payment is due every 6 months with coupon rates ranging from 6.2% to 6.65% per annum, commencing from the issue date of the relevant tranches.

The Sukuk Wakalah is repayable in tranches commencing from Year 2028 to 2033.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

23. LOANS AND BORROWINGS (CONT'D)**(c) Medium-term notes (cont'd)**

The major covenants that are required to be complied by the subsidiaries are as follows:

- (i) KPMD Finance Service Cover Ratio is maintained at least 1.5 times after the dividend distribution is made and such distribution will not result in a breach of any applicable laws and KPMD's existing financing or borrowings covenants; and
- (ii) DHSB shall maintain a Finance Service Cover Ratio of at least 1.25 times for so long as any Sukuk Wakalah remains outstanding.

The Sukuk Wakalah is secured by the following:

- (i) A first ranking third party charge by the Company over its entire shareholding in DHSB;
- (ii) An assignment by the Company of all dividends and distributions received or receivable by the Company from KPMD, whether income or capital in nature;
- (iii) An assignment by DHSB over its rights, interest and benefits under the inter-company financing agreement entered or to be entered into between DHSB and the Company in respect of the advance by DHSB to the Company;
- (iv) An assignment by DHSB over its revenue and income including but not limited to the payment and repayment of shareholder and related companies' financing and advances received or to be received by it;
- (v) A first ranking charge by DHSB and KPMD over the Designated Accounts and the credit balances therein as disclosed in Notes 18(iv) and 18(v);
- (vi) A debenture by DHSB over its assets, both present and future; and
- (vii) Corporate guarantee by the Company.

(d) Bank overdrafts

The bank overdrafts facilities granted to a subsidiary of the Company, GFMSB bear interest ranging from 5.60% to 6.60% (2021: at a rate of 5.60%) per annum. The subsidiary is required to maintain the gearing ratio of not exceeding 1.0 time and is secured by the following:

- (i) a fixed deposit with a licensed bank as disclosed in Note 18(ii);
- (ii) jointly and severally guaranteed by several Directors of the Company;
- (iii) corporate guarantee by the Company;
- (iv) a Deed of Assignment over the contract proceeds from the GFMSB;
- (v) a Deed of Assignment over 6 office units held under Master Title GRN 310510, Lot 29242 Seksyen 1 in Bandar Ulu Kelang, Daerah Gombak, Negeri Selangor as disclosed in Note 8(a); and
- (vi) guarantee by Credit Guarantee Corporation Malaysia Berhad

Consent is required from the bank for declaration of dividend exceeding 40% net profit after tax.

(e) Revolving credit

Revolving credit bears interest ranging from 3.78% to 5.53% (2021: 3.77% to 3.78%) per annum. The major covenants that are required to be complied by the subsidiary are as follows:

- (i) GFMSB's gearing ratio shall not exceed 1.0 time;
- (ii) GFMSB's Debt Servicing Coverage Ratio ("DSCR") shall not be less than 1.0 time; and
- (iii) tangible net worth of GFMSB shall not be less than RM31,000,000.

Revolving credit is secured by the following:

- (i) a fixed deposit with licensed banks as disclosed in Note 18(ii);
- (ii) a Deed of Assignment over the contract proceeds from a subsidiary of the Company;
- (iii) corporate guarantee by the Company; and
- (iv) a legal charge over a unit of vacant commercial land at GRN 29182, Lot 1672 Seksyen 41 in Bandar Kuala Lumpur, Daerah Kuala Lumpur as disclosed in Note 9.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

24. DIVIDEND

	Group and Company	
	2022 RM	2021 RM
In respect of the financial year ended 31 December 2022		
- Single-tier interim dividend of 0.1730 sen per ordinary share on 575,385,125 ordinary shares	995,393	-
In respect of the financial year ended 31 December 2020		
- First and final single-tier dividend of 0.6473 sen per ordinary share on 550,378,625 ordinary shares	-	3,562,564
	995,393	3,562,564

25. RELATED PARTIES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with their subsidiaries, associate, key management personnel and related parties. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

(b) Related party transactions

The related party balances are shown in Notes 16 and 22 respectively. The related party transactions of the Company are shown below.

	Company	
	2022 RM	2021 RM
Transactions with subsidiaries		
(Repayment to)/Advances from	(212,985)	1,015,549
Dividend income	(12,500,000)	(8,000,000)
Interest charges	8,214,726	8,214,726
Expenses related to short-term leases	67,992	51,459
Management fees charged	536,572	683,957
Management fees income	(1,065,006)	(488,785)
(Advances to)/Repayment from	(2,807,044)	4,623,525



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

25. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directly and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise Directors of the Group and of the Company, and certain senior management personnel of the Group and of the Company.

The Directors' remuneration during the financial year has been disclosed in Note 5(b). The remuneration paid to certain senior management personnel during the financial year is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term employee benefits	985,666	1,045,931	333,385	278,206
Post-employment benefits	132,241	146,267	44,680	44,880
	<u>1,117,907</u>	<u>1,192,198</u>	<u>378,065</u>	<u>323,086</u>

26. OPERATING SEGMENTS

The Group prepares the following segment information in accordance with *MFRS 8 Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Managing Director for the purpose of making decisions about resource allocation and performance assessment.

(a) General information

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(b) Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment profit or loss is profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reportable segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. OPERATING SEGMENTS (CONT'D)

(b) Measurement of reportable segments (cont'd)

(i) Business segments

The Group comprises the following main business segments:

Facilities Management	Provision of facilities operations, maintenance and management and engineering services, consultancy and advisory
Concession Arrangements	Construction and maintenance of facilities and infrastructure
Others	Investment holding, fund raising, rendering group management and administrative services

(ii) Geographical segments

The activities of the Group are carried out in Malaysia and accordingly no segmental reporting by geographical location is presented.

(iii) Major customer information

The following is major customer with revenue equal or more than 10% of the Group's total revenue.

	Revenue		Segment
	2022 RM	2021 RM	
Customer A	46,328,885	42,684,550	Concession Arrangements
Customer B	17,476,805	25,649,427	Facilities Management
Customer C	29,854,196	-	Facilities Management
	<u>93,659,886</u>	<u>68,333,977</u>	

The Group has 3 (2021: 2) customers which contributed RM93,659,886 (2021: RM68,333,977), representing 67% (2021: 55%) of the Group's revenue during the financial year.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. OPERATING SEGMENTS (CONT'D)

	Note	Facilities management RM	Concession arrangements RM	Others RM	Adjustments and eliminations RM	Total RM
2022						
Profit or loss						
Revenue from external customers		96,440,268	46,328,885	-	(1,970,654)	140,798,499
Inter-segment revenue	A	6,061,261	-	18,765,609	(24,826,870)	-
Total revenue		102,501,529	46,328,885	18,765,609	(26,797,524)	140,798,499
Results:						
Amortisation of intangible assets		-	-	-	(1,216,100)	(1,216,100)
Bad debt written off		-	-	(5,000)	-	(5,000)
Depreciation of property, plant and equipment		(1,366,193)	-	(140,623)	-	(1,506,816)
Employee benefits expense		(23,518,528)	-	(6,002,796)	-	(29,521,324)
Expenses relating to short-term leases		(583,480)	-	(90,297)	67,992	(605,785)
Expenses relating to leases of low value assets		(79,153)	-	(22,369)	-	(101,522)
Interest expense		(664,725)	(8,077,667)	(19,780,783)	8,214,726	(20,308,449)
Interest income		198,150	326,810	8,691,904	(8,214,726)	1,002,138
Rental income		85,992	-	-	(67,992)	18,000
Reversal of impairment loss on trade receivables		882,104	-	-	-	882,104
Share of results of an associate, net of tax		-	-	-	19,273	19,273
Segment profit/(loss) before tax		17,164,712	31,775,782	(2,399,085)	(16,959,658)	29,581,751
Tax expense		(4,230,027)	(7,648,730)	(182,062)	764,821	(11,295,998)
Profit/(loss) for the financial year		12,934,685	24,127,052	(2,581,147)	(16,194,837)	18,285,753
Assets						
Additions to non-current assets		674,230	-	14,245	-	688,475
Operating financial asset		-	301,825,311	-	21,263,261	323,088,572
Intangible assets		-	-	-	21,985,617	21,985,617
Investment in an associate		-	-	50,225	37,756	87,981
Other segment assets	B	96,630,593	50,820,150	369,856,726	(332,876,108)	184,431,361
		97,304,823	352,645,461	369,921,196	(289,589,474)	530,282,006
Segment liabilities	C	60,608,474	172,805,336	281,631,562	(147,620,455)	367,424,917





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. OPERATING SEGMENTS (CONT'D)

	Note	Facilities management RM	Concession arrangements RM	Others RM	Adjustments and eliminations RM	Total RM
2021						
Profit or loss						
Revenue from external customers		81,439,419	44,593,017	-	(1,908,467)	124,123,969
Inter-segment revenue	A	6,054,986	-	13,389,077	(19,444,063)	-
Total revenue		87,494,405	44,593,017	13,389,077	(21,352,530)	124,123,969
Results:						
Amortisation of intangible assets		-	-	-	(1,216,100)	(1,216,100)
Depreciation of property, plant and equipment		(1,336,071)	-	(138,069)	-	(1,474,140)
Employee benefits expense		(19,285,336)	-	(5,089,721)	-	(24,375,057)
Expenses relating to short-term leases		(429,205)	-	(74,139)	51,459	(451,885)
Expenses relating to leases of low value assets		(64,136)	-	(26,912)	-	(91,048)
Gain on disposal of property, plant and equipment		70,003	-	-	-	70,003
Impairment loss on trade receivables		(790,385)	-	-	-	(790,385)
Interest expense		(606,009)	(8,974,787)	(19,708,258)	8,214,726	(21,074,328)
Interest income		130,261	305,537	8,666,788	(8,214,726)	887,860
Rental income		70,959	-	-	(51,459)	19,500
Reversal of impairment loss on trade receivables		490,342	-	33,523	-	523,865
Share of results of an associate, net of tax		-	-	-	5,456	5,456
Segment profit/(loss) before tax		13,683,079	29,353,116	(6,183,981)	(18,419,111)	18,433,103
Tax expense		(1,996,900)	(7,101,554)	(75,185)	749,896	(8,423,743)
Profit/(loss) for the financial year		11,686,179	22,251,562	(6,259,166)	(17,669,215)	10,009,360
Assets						
Additions to non-current assets		747,737	-	27,980	-	775,717
Operating financial asset		-	311,840,592	-	23,233,915	335,074,507
Intangible assets		-	-	-	23,201,717	23,201,717
Investment in an associate		-	-	50,225	18,483	68,708
Other segment assets	B	97,374,847	45,537,880	351,089,817	(341,006,403)	152,996,141
		98,122,584	357,378,472	351,168,022	(294,552,288)	512,116,790
Segment liabilities	C	68,560,920	193,665,399	279,790,561	(154,881,222)	387,135,658



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. OPERATING SEGMENTS (CONT'D)

Note:

- A Inter-segment revenues are eliminated on consolidation.
- B Reconciliation of assets

	2022 RM	2021 RM
Segment assets	526,907,579	506,754,481
Deferred tax assets	22,346	20,070
Tax recoverable	3,352,081	5,342,239
	<u>530,282,006</u>	<u>512,116,790</u>

The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2022 RM	2021 RM
Investments in subsidiaries	(176,949,788)	(177,046,672)
Inter-companies assets	(155,926,320)	(163,959,731)
	<u>(332,876,108)</u>	<u>(341,006,403)</u>

- C The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2022 RM	2021 RM
Deferred tax liabilities	8,313,687	9,078,509
Inter-companies liabilities	(155,934,142)	(163,959,731)
	<u>(147,620,455)</u>	<u>(154,881,222)</u>





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets				
Amortised cost				
Operating financial asset	323,088,572	335,074,507	-	-
Trade and other receivables, net of GST refundable and prepayments	22,474,240	17,700,556	23,076,032	20,223,126
Deposits, cash and bank balances	101,187,145	79,285,394	18,627,018	2,526,880
	446,749,957	432,060,457	41,703,050	22,750,006
FVOCI				
Other investment	17,585,000	16,685,000	17,585,000	16,685,000
Financial liabilities				
Amortised cost				
Trade and other payables	20,907,819	20,813,300	123,066,244	123,656,194
Loans and borrowings	288,789,786	309,761,007	-	-
	309,697,605	330,574,307	123,066,244	123,656,194

Financial risks management objectives and policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, interest rate risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

(i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Group's exposure to credit risk arises principally from receivables (which consist of trade receivables, other receivables and amount owing by an associate), operating financial asset and contract assets. The Company's exposure to credit risk arises principally from receivables (which consist of other receivables, amount owing by subsidiaries and amount owing by an associate), dividend receivable, contract assets and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods. For other financial assets (including deposits, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (CONT'D)

Financial risks management objectives and policies (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk from trade receivables, operating financial asset and contract assets are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

The Group and the Company determine concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 31 December 2022, the Group has significant concentration of credit risk arising from the amount owing by 5 customers (2021: 3 customers) constituting 71% (2021: 73%) of gross trade receivables of the Group.

Recognition and measurement of impairment loss

The Group and the Company apply the MFRS 9 simplified approach to measure Expected Credit Losses ("ECL") which uses a lifetime expected loss allowance for trade receivables and contract assets respectively.

The Group and the Company assess impairment of trade receivables and contract assets on individual basis.

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually. All these customers have low risk of default.

Consistent with the debt recovery process, invoices which are past due more than 120 days will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at the reporting date which are grouped together as they are expected to have similar risk nature.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Group			
2022			
Trade receivables			
Neither past due nor impaired	8,305,463	-	8,305,463
Past due but not impaired:			
1 to 30 days	8,074,946	-	8,074,946
31 to 60 days	99,501	-	99,501
61 to 90 days	3,889,271	-	3,889,271
91 to 120 days	213,203	-	213,203
More than 120 days	51,356	-	51,356
	12,328,277	-	12,328,277
Credit impaired:			
Individually impaired	125,865	(125,865)	-
	20,759,605	(125,865)	20,633,740
Neither past due nor impaired:			
Contract assets	20,010,393	-	20,010,393
Total	40,769,998	(125,865)	40,644,133
2021			
Trade receivables			
Neither past due nor impaired	11,046,559	-	11,046,559
Past due but not impaired:			
1 to 30 days	2,529,308	-	2,529,308
31 to 60 days	1,503,788	-	1,503,788
61 to 90 days	538,911	-	538,911
91 to 120 days	1,536	-	1,536
More than 120 days	424,327	-	424,327
	4,997,870	-	4,997,870
Credit impaired:			
Individually impaired	1,007,969	(1,007,969)	-
	17,052,398	(1,007,969)	16,044,429
Neither past due nor impaired:			
Contract assets	13,820,727	-	13,820,727
Total	30,873,125	(1,007,969)	29,865,156



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

*Trade receivables and contract assets (cont'd)*Recognition and measurement of impairment loss (cont'd)

	Gross carrying amount RM	Loss allowances RM	Net balance RM
Company			
2022			
Neither past due nor impaired:			
Contract assets	95,498	-	95,498
2021			
Neither past due nor impaired:			
Contract assets	32,178	-	32,178

The gross carrying amounts of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

Receivables that are past due but not impaired

The Group and the Company have not provided impairment for the trade receivables, as there has been no significant change in their credit quality and the amounts are still considered recoverable which are not past due for more than 120 days. These relate to several customers have repaid their outstanding amount to the Group subsequent to the financial year end, except for a customer with credit impaired risk with an outstanding balance of RM3,106,881 as at 31 December 2022 that will be collected in tranches within 24 months pursuant to the repayment scheme.

Credit impaired

Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below.

	Group	
	2022 RM	2021 RM
At 1 January	1,007,969	3,108,612
Additions	-	790,385
Reversal	(882,104)	(523,865)
Written off	-	(2,367,163)
At 31 December	125,865	1,007,969





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Operating financial asset

The operating financial asset is recoverable from a customer, UiTM, for the construction of UiTM Sarawak Campus pursuant to the Concession Agreement over a period of 20 years from 9 October 2015 to 8 October 2035. The expected credit loss of the operating financial asset is determined individually based on their past trend of payment. The customer has low risk of default.

As the end of the reporting period, the maximum exposure to credit risks is represented by the carrying amount in the statements of financial position. The Group is of the view that no allowance is to be recognised as at the end of the reporting period.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Expected credit loss of other receivables and deposits are determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position.

The Group and the Company have provided allowances for expected credit losses on these amounts as disclosed as follow:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January/31 December	110,565	110,565	107,655	107,655

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

*Inter-company loans and advances (cont'd)*Recognition and measurement of impairment loss

Intercompany loans between the Company and the subsidiaries are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date.

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

The Company monitors the results of the subsidiaries regularly. As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable.

*Financial guarantee*Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Company amounted to RM160,188,506 (2021: RM158,082,719) representing the outstanding banking facilities of the subsidiaries.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

These financial guarantees are subject to the impairment requirement under MFRS 9.

The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorate significantly. The Company considers a financial guarantee to be credit impaired when the subsidiaries are unlikely to repay its credit obligations to the bank in full.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, there was no indication that the subsidiaries which was granted the loan facilities as disclosed in Note 23 would default on repayment. Hence, the financial guarantee granted by the Company has not been recognised since the fair value on initial recognition was not material. Should the subsidiaries default any loan repayments, the proceeds from the realisation of assets will be able to satisfy the outstanding secured loans.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities to enable it to meet their obligation as and when they fall due.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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27. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet their working capital requirement.

The Group and the Company practice prudent risk management by maintaining sufficient cash balances.

Maturity analysis

The table below show summaries of the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	Between 1 - 2 years RM	Between 2 - 5 years RM	More than 5 years RM
Group 2022						
Trade and other payables	20,907,819	20,907,819	20,907,819	-	-	-
Bank overdrafts	1,006,386	1,006,386	1,006,386	-	-	-
Medium-term notes	152,093,450	253,304,390	10,607,500	10,607,500	57,488,123	174,601,267
Lease liabilities	581,790	639,924	201,197	164,412	247,176	27,139
Term loans	128,019,490	151,776,997	30,468,313	28,986,774	78,060,456	14,261,454
Revolving credit	7,088,670	7,088,670	7,088,670	-	-	-
	309,697,605	434,724,186	70,279,885	39,758,686	135,795,755	188,889,860
2021						
Trade and other payables	20,813,300	20,813,300	20,813,300	-	-	-
Bank overdrafts	1,985,533	1,985,533	1,985,533	-	-	-
Medium-term notes	151,134,896	263,911,891	10,607,500	10,607,500	42,459,062	200,237,829
Lease liabilities	618,698	675,290	231,711	141,661	225,791	76,127
Term loans	151,994,136	181,194,033	31,887,910	29,634,389	81,034,373	38,637,361
Revolving credit	4,027,744	4,027,744	4,027,744	-	-	-
	330,574,307	472,607,791	69,553,698	40,383,550	123,719,226	238,951,317

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The table below show summaries of the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	Between 1 - 2 years RM	Between 2 - 5 years RM	More than 5 years RM
Company						
2022						
Trade and other payables	123,066,244	175,199,085	12,181,995	12,000,000	38,000,000	113,017,090
Financial guarantees *	-	160,188,506	160,188,506	-	-	-
	123,066,244	335,387,591	172,370,501	12,000,000	38,000,000	113,017,090
2021						
Trade and other payables	123,656,194	184,005,050	10,987,960	10,000,000	36,000,000	127,017,090
Financial guarantees *	-	158,082,719	158,082,719	-	-	-
	123,656,194	342,087,769	169,070,679	10,000,000	36,000,000	127,017,090

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policies are to obtain the most favourable interest rates available.

In respect of interest-bearing financial assets and liabilities, the effective interest rates at the reporting date and the period, in which they re-price or mature, whichever is earlier are disclosed in Notes 18 and 23.

Exposure in interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Floating rate instruments				
Financial asset				
Deposits with licensed banks	53,704,216	48,870,021	5,583,113	1,474,804
Financial liabilities				
Loans and borrowings				
- Bank overdrafts	(1,006,386)	(1,985,533)	-	-
- Revolving credit	(7,088,670)	(4,027,744)	-	-
- Term loans	(128,019,490)	(151,994,136)	-	-
	(82,410,330)	(109,137,392)	5,583,113	1,474,804

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period would have increased/(decreased) the profit after tax and equity with all other variables held constant:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Effect on (decrease)/increase on profit after tax/equity				
Increase of 100 (2021:100) basis points	(626,319)	(829,444)	42,432	11,209
Decrease of 100 (2021:100) basis points	626,319	829,444	(42,432)	(11,209)

Interest rate sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

28. FAIR VALUE INFORMATION

The aggregate fair values and the carrying amounts of other financial assets and liabilities carried on the statements of financial position as at 31 December are as below:

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amount of deposits, cash and bank balances, short-term receivables, payables and short-term borrowings are reasonably approximate to their fair values due to relatively short-term nature of these financial instruments.

The carrying amounts of long-term floating rate term loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

28. FAIR VALUE INFORMATION (CONT'D)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets and liabilities:

Group	Carrying Amount RM	Fair value of assets and liabilities carried at fair value			Fair value of assets and liabilities carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
2022								
Financial asset								
Other investment	17,585,000	-	-	17,585,000	17,585,000	-	-	-
Non-financial asset								
Investment property	6,174,000	-	-	-	8,000,000	-	-	8,000,000
Financial liability								
Medium-term notes (Non-current)	151,056,347	-	-	-	-	-	151,056,347	151,056,347
2021								
Financial asset								
Other investment	16,685,000	-	-	16,685,000	16,685,000	-	-	-
Non-financial asset								
Investment property	6,174,000	-	-	-	-	-	10,592,000	10,592,000
Financial liability								
Medium-term notes (Non-current)	150,176,335	-	-	-	-	-	150,176,335	150,176,335



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

28. FAIR VALUE INFORMATION (CONT'D)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets and liabilities: (cont'd)

Company	Carrying Amount RM	Fair value of assets and liabilities carried at fair value			Fair value of assets and liabilities carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
2022								
Financial asset								
Other investment	17,585,000	-	-	17,585,000	-	-	-	-
2021								
Financial asset								
Other investment	16,685,000	-	-	16,685,000	-	-	-	-

Level 2 fair value

Fair value of non-financial asset not carried at fair value

The fair value measurement hierarchies used to measure the fair value of investment property for disclosure purpose is disclosed in Note 9.

Level 3 fair value

Fair value of financial asset carried at fair value

The fair value measurement of the unquoted equity investment in HSSB is disclosed in Note 14.

Fair value of financial liability not carried at fair value

The fair value of medium-term notes is determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate near to or as at the end of the reporting period. The carrying amount of the medium-term notes is estimated to approximate its fair value as at the end of reporting period.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

29. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure the Group and the Company will maintain an optimal capital structure so as to support the businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. No changes were made in the objectives, policies and processes during the financial year ended 31 December 2022 and 31 December 2021.

Under the terms of the borrowing facilities as disclosed in Note 23, the Group is required to comply with the following financial covenant:

- (i) The subsidiaries of the Company, DHSB and KPMD are required to maintain a Finance Service Cover Ratio ("FSCR") of at least 1.25 times for so long as any Sukuk Wakalah of DHSB remains outstanding and 1.5 times after the dividend distribution by KPMD is made respectively. As at the end of the reporting period, the FSCR of DHSB and KPMD are 1.62 times and 2.33 times respectively.
- (ii) KPMD is required to maintain the debt-to-equity ratio of not more than 90:10 at all times. As at the end of the reporting period, the debt-to-equity ratio of KPMD is 40:60; and
- (iii) A subsidiary of the Company, GFMSB is required to maintain gearing ratio of not exceeding 1.0 time, a Debt Servicing Coverage Ratio ("DSCR") of not less than 1.0 time and tangible net worth of not less than RM31,000,000 throughout the duration of the term loan facilities. As at end of the reporting period, the gearing ratio, DSCR and tangible net worth are 0.3 time, 1.83 times and RM33,845,171 respectively.

As at the reporting date, the Group is in compliance with the externally imposed capital requirements as mentioned above.

The Group and the Company monitor capital using gearing ratio, which is net debts divided by total capital plus net debts. Net debts include external borrowings and lease liabilities less deposits, cash and bank balances. Total capital is the equity attributable to the Owners of the Company.

The gearing ratio of the Group and of the Company as at the end of the reporting period were as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Loans and borrowings	288,789,786	309,761,007	-	-
Less: Deposits, cash and bank balances	(101,187,145)	(79,285,394)	(18,627,018)	(2,526,880)
Net debt	187,602,641	230,475,613	(18,627,018)	(2,526,880)
Total equity	162,857,089	124,981,132	108,155,230	79,760,970
Total equity plus net debt	350,459,730	355,456,745	89,528,212	77,234,090
Gearing ratio (times)	0.54	0.65	*	*

* Not meaningful to disclose negative gearing ratio

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group or company to another.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Proposed subscription of Highbase Strategic Sdn. Bhd.'s Shares, RCPS and Call Option Subscription

On 17 December 2019, the Company announced that the Company, Noor Jasni Zakaria and Norliza Mohd ("Vendors") and Highbase Strategic Sdn. Bhd. ("HSSB") had entered into a Memorandum of Agreement ("MOA") to regulate their relationship, rights, duties and obligations pertaining to the matters stipulated in the MOA and based on the terms and conditions of the MOA. On 30 December 2019, the Company announced that the parties to the definitive agreements dated 17 December 2019 had, on 27 December 2019, entered into supplemental agreements, namely Supplemental Agreement to the MOA and Supplemental Agreement to the HSSB RCPS SA to amend the clauses of the definitive agreements.

The Company entered into Redeemable Convertible Preference Shares ("RCPS") Subscription Agreement ("RCPS SA"), First and Second Supplemental Agreement to subscribe for RM20,000,000 RCPS in HSSB by way of cash. As disclosed in Note 14, the Group and the Company have completed the subscription of HSSB RCPS of RM20,000,000.

The Company entered into a Subscription Agreement of Shares in HSSB ("HSSB Shares Subscription Agreement") with HSSB for the subscription of 2,882,352 new ordinary shares of HSSB, representing approximately 49% stake in HSSB for a cash consideration of RM1.00 per share. As at the date of authorisation of these financial statements, the Company has yet to complete the subscription of shares in HSSB.

Further, the Company entered into a Call Option Agreement ("COA") with the Vendors whereby pursuant to the completion of HSSB Shares Subscription Agreement, the Company shall be entitled to exercise the call option ("Call Option") to acquire up to 117,648 HSSB shares from any of the Vendors at an exercise price of RM0.51 per HSSB share, whereupon the Company is expected to hold at least 51% of shareholding in HSSB after the exercise of the Call Option. As at the date of authorisation of these financial statements, the Company has yet to exercise the call option as mentioned above.

(b) Proposed joint venture with Jua Juara Sdn. Bhd.

On 17 January 2022, the Company announced that it had entered into a Head of Agreement ("HOA") with Jua Juara Sdn. Bhd. ("JJSB"), a wholly-owned subsidiary of Majuperak Holdings Berhad, relating to the proposed joint venture between the Company and JJSB to develop a land located at Lot 16287, PN 311206, Mukim Hulu Bernam Timur, District of Muallim, Perak Darul Ridzuan ("Land") into a Rest and Service Area to be connected to the PLUS North-South Highway ("Project").

Pursuant to the HOA, the Company and JJSB shall use their best endeavors to negotiate exclusively and to enter into a Joint Venture Agreement ("JVA") relating to the Proposed Joint Venture within six (6) months from the date of the HOA ("Stop Date").

The execution of the JVA between the Company and JJSB pursuant to Clause 2.1 of the HOA is conditional upon the satisfaction of the following conditions:

- (a) JJSB has submitted the following applications to the relevant authorities for purposes of the Project:
 - (i) an application to convert the land use from "agriculture" to "commercial"; and
 - (ii) an application for levelling/filling of the Land.
- (b) The Company has submitted an application to the Malaysian Highway Authority to obtain the relevant approvals for the Project.

On 20 July 2022, the Company has entered into a Supplemental HOA with JJSB to extend the Stop Date to 17 January 2023 (with an automatic renewal of six months from the date of expiry of the extended Stop Date) for the Company and JJSB to enter into the JVA in relation to the Proposed Joint Venture.

As at the date of authorisation of these financial statements, the conditions precedent as set out in the HOA have yet to be fulfilled.





NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (c) **Private placement of 115,077,012 new ordinary shares, representing up to 20% of the total number of issued shares ("Private Placement")**

On 12 May 2022, the Company announced to undertake a private placement of up to 20% of the total number of issued shares of the Company. The said Private placement have approved by Bursa Malaysia Securities Berhad on 27 June 2022 and approved by shareholder on the same date via Extraordinary General Meeting. The details of the private placement during the financial year are disclosed in Note 19.

31. SUBSEQUENT EVENT

Acquisition of 100% equity interest in Atmajaya Arvino Sdn. Bhd.

The Company had on 15 March 2023 announced that it had entered into a Shares Sale Agreement ("SSA") with Ahmad Nasri Bin Abdul Gani ("Seller") for the acquisition of 100 ordinary shares in Atmajaya Arvino Sdn. Bhd. ("AASB") representing the entire issued share capital ("Sale Shares") of AASB for the development of a Rest & Service Area ("RSA") in Karak, Bentong along Kuala Lumpur-Karak Expressway for the purchase consideration of RM9,000,000 ("Purchase Consideration") ("the Acquisition").

The Acquisition will be undertaken in three (3) tranches and payment will be proportionate to the number of shares acquired and subject to the fulfillment on the terms and conditions stipulated in the SSA as follows:

- (i) Tranche 1, the Company shall acquire 40% ordinary shares at RM3,600,000 ("Tranche 1 Purchase Consideration");
- (ii) Tranche 2, the Company shall acquire a further 20% of ordinary shares at RM1,800,000 ("Tranche 2 Purchase Consideration"); and
- (iii) Tranche 3, the Company shall acquire the final 40% of ordinary shares at RM3,600,000 ("Tranche 3 Purchase Consideration").

Upon completion of the Acquisition, AASB will become wholly-owned subsidiary of the Company.

As at the date of authorised these financial statements, the terms and conditions as set out in the SSA have yet to be fulfilled.



LIST OF GROUP PROPERTIES HELD

Registered/ beneficial owner	Location	Brief description of Properties	Approximate Area	Existing Use	Tenure	Approximate age of Buildings	Net Book Value as at 31.12.2022	Year of Acquisition
Global Facilities Management Sdn. Bhd.	Geran 29182, Lot 1672, Section 41, Town of Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan	Land	742.321sqm	Vacant land	Freehold	23 years	6,174,000	22 September 2016
Global Facilities Management Sdn. Bhd.	Melawati Corporate Centre, Jalan Bandar Melawati, Taman Melawati, 53100 Kuala Lumpur	Office building		Office building	Freehold	4 years	8,413,641	26 January 2018
	A-3A-1 Plot M "Melawati Corporate Centre"		133.966sqm					
	A-3A-2 Plot M "Melawati Corporate Centre"		171.035sqm					
	A-3A-3 Plot M "Melawati Corporate Centre"		174.007sqm					
	A-3A-3A Plot M "Melawati Corporate Centre"		158.957sqm					
	A-5-2 Plot M "Melawati Corporate Centre"		171.035sqm					
	A-5-3 Plot M "Melawati Corporate Centre"		174.007sqm					





ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2023

Issued and Paid-Up Share Capital	:	RM103,122,590.470
Number of Issued Shares	:	690,462,137 ordinary shares
Class of Shares	:	Ordinary shares
Number of Shareholders	:	10,180
Voting Rights	:	One (1) vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 22 MARCH 2023

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	1,108	10.88	44,345	0.01
100 – 1,000	1,923	18.89	776,323	0.11
1,001 – 10,000	3,511	34.49	19,695,733	2.85
10,001 – 100,000	3,110	30.55	110,677,037	16.03
100,001 – 34,523,105*	524	5.15	227,150,040	32.90
34,523,106 and above**	4	0.04	332,118,659	48.10
TOTAL	10,180	100.00	690,462,137	100.00

Notes:-

* Less than 5% of the issued and paid-up share capital.

** 5% and above of the issued and paid-up share capital.

DIRECTORS' SHAREHOLDINGS

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 22 MARCH 2023

Name of Directors	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
Abdul Rahim Bin Abdul Hamid	-	-	-	-
Ashok Virendra Shah	60,000	0.01	-	-
Yong Hee Kong	60,000	0.01	-	-
Zainal Arifin Bin Khalid	60,000	0.01	-	-
Zainal Bin Amir	94,684,961	13.71	-	-
Mohammad Shahrizal Bin Mohammad Idris	101,633,358	14.72	-	-
Ruslan Bin Nordin	61,069,260	8.84	74,800,340*	10.83

Note:-

* Deemed interested by virtue of his shareholdings in GFM Global Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

SUBSTANTIAL SHAREHOLDERS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2023

Name of Substantial Shareholders	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
GFM Global Sdn. Bhd.	74,800,340	10.83	-	-
Zainal Bin Amir	94,684,961	13.71	-	-
Mohammad Shahrizal Bin Mohammad Idris	101,633,358	14.72	-	-
Ruslan Bin Nordin	61,069,260	8.84	74,800,340*	10.83

Note:-

* Deemed interested by virtue of his shareholdings in GFM Global Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.



ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2023

THIRTY (30) LARGEST SHAREHOLDERS AS AT 22 MARCH 2023

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	MOHAMMAD SHAHRIZAL BIN MOHAMMAD IDRIS	101,633,358	14.72
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ZAINAL BIN AMIR	94,684,961	13.71
3.	GFM GLOBAL SDN BHD	74,800,340	10.83
4.	PRISMA ARMADA SDN BHD PLEDGED SECURITIES ACCOUNT FOR RUSLAN BIN NORDIN	61,000,000	8.83
5.	TEH SWEE SEE	29,000,000	4.20
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEE KOK WAH	4,065,400	0.59
7.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI CHUANG LIAN (E-KLG)	3,124,500	0.45
8.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,900,000	0.42
9.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HO KAT ANN (STA 2)	2,820,000	0.41
10.	CALVIN ONG CHEE YANG	2,474,800	0.36
11.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SATVINDER SINGH	2,400,000	0.35
12.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOONG DING TONG (MY3120)	2,323,400	0.34
13.	LIM KENG CHUAN	2,139,600	0.31
14.	CHIN NYEK YUN	2,136,000	0.31
15.	MAH LAI SEIN	2,071,000	0.30
16.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HOW KIM LIAN (HOW0113M)	2,000,000	0.29
17.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RAJINDER KAUR A/P PIARA SINGH (MARGIN)	2,000,000	0.29
18.	CHANG CHOON FOOI	2,000,000	0.29
19.	HO KAT SIN	2,000,000	0.29
20.	LIEW SEE KIM	1,973,000	0.29
21.	LIM KA HUAT	1,826,000	0.26
22.	ONG AIK KHOON	1,800,000	0.26
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DAVID RASHID BIN GHAZALLI	1,700,000	0.25
24.	KOIK BOON TATT	1,605,000	0.23
25.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KIAH YEOW	1,600,000	0.23
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SER TOH CHON CHIEN (E-BPT)	1,600,000	0.23
27.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RIEDZUAN BIN ABDULLAH	1,581,000	0.23
28.	LOW SOR HOON	1,550,000	0.22
29.	HOW KIM LIAN	1,500,000	0.22
30.	TIOU LI ZHEN	1,500,000	0.22
TOTAL		413,808,359	59.93





GFM SERVICES BERHAD

[Registration No.: 201301003302 (1033141-H)]

(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth (“10th”) Annual General Meeting of **GFM SERVICES BERHAD** (“the Company”) will be conducted fully virtual from the Online Meeting Platform at <https://bit.ly/3J8mUAX> provided by Acclime Corporate Services Sdn. Bhd. on **Wednesday, 21 June 2023 at 10.00 a.m.** or any adjournment thereof for the following purposes:-

AGENDA

- | | | |
|----|---|-------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. | Please refer to Note B |
| 2. | To approve the payment of Directors’ Fees and benefits payable up to an amount of RM845,000 for the period from 22 June 2023 until the next Annual General Meeting of the Company to be held in 2024. | Ordinary Resolution 1 |
| 3. | To re-elect the following Directors who retire in accordance with Clause 98 of the Constitution of the Company and being eligible, offer themselves for re-election:- | |
| | a) Mr. Mohammad Shahrizal Bin Mohammad Idris | Ordinary Resolution 2 |
| | b) Mr. Zainal Arifin Bin Khalid | Ordinary Resolution 3 |
| | c) Mr. Yong Hee Kong | Ordinary Resolution 4 |
| 4. | To re-elect Ms. Tong Jia Wann as the Director who retire in accordance with Clause 104 of the Constitution of the Company and being eligible, offer herself for re-election. | Ordinary Resolution 5 |
| 5. | To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the ensuing year and authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

SPECIAL BUSINESS:

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

- | | | |
|----|---|------------------------------|
| 6. | AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES IN THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 | Ordinary Resolution 7 |
|----|---|------------------------------|

“**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 and the approvals of the relevant government and/or regulatory authorities, the Directors of the Company be and are hereby authorised to issue and 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 does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.

AND THAT the Directors of the Company whether solely or jointly, be authorised to complete and do all such acts 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 53 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. | To transact any other business of the Company of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act, 2016. | |
|----|---|--|



NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board
GFM SERVICES BERHAD

WONG YOUN KIM
(MAICSA 7018778)
(SSM Practising Certificate No.: 201908000410)
Company Secretary

Kuala Lumpur
28 April 2023

Notes:-

A. Appointment of Proxy

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote on his(her) behalf.
2. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
3. A member may appoint more than one (1) proxy to attend the same meeting. Where a member appoints two (2) or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in the 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.
5. The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, it must be executed under its common seal or by its duly authorised attorney or officers.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Acclime Corporate Services Sdn. Bhd. at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the meeting or adjourned meeting.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 June 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/ or vote on his(her) behalf.

B. Audited Financial Statements for the financial year ended 31 December 2022

The Audited Financial Statements under Agenda 1 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only as the approval of shareholders is not required. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

EXPLANATORY NOTES:-

Ordinary Resolution 1

- Payment of Directors' Fees and benefits payable to Non-Executive Directors

Pursuant to Section 230(1) of the Companies Act, 2016, the fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 10th Annual General Meeting on the Ordinary Resolution 2 on payment of Directors' Fees and benefits payable for the period from 22 June 2023 until the next Annual General Meeting of the Company to be held in 2024.

The Directors' Fees and benefits payable consist of:-

- Monthly fixed fee for duties as Director; and
- Meeting allowance for each Board / Board Committees' meeting attended.

The Directors' Fees and benefits are estimated not to exceed RM845,000. The calculation is based on the estimated number of scheduled Board / Board Committees' meetings and on assumption that the number of Directors will remain the same until the next Annual General Meeting in year 2024.





NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution 7

- Authority for Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Ordinary Resolution 7 proposed under Item 6 above, 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 Board is of the opinion that the issue and allot shares up to an amount not exceeding ten per centum (10%) is in the best interest of the Company.

This authority will expire at the conclusion of the next Annual General Meeting of the Company or at the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

The general mandate sought for issue of shares is a renewal of the mandate approved by the shareholders at the last Annual General Meeting held on 23 June 2022 which will lapse at the conclusion of this Annual General Meeting to be held on 21 June 2023.

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 53 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.

By adding the above paragraph, the shareholders of the Company shall agree to waive and deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016.

As at the date of this Notice of the Annual General Meeting, a total of 140,077,012 Placement Shares have been issued and allotted on 13 April 2022 and 6 December 2022 respectively in two (2) tranches, details of which are as follows:-

No.	Date of Allotment	Total Number of Private Placement	Proceeds (RM)
1.	13 April 2022	25,000,000	4,702,500
2.	6 December 2022	115,077,012	15,880,627
TOTAL		140,077,012	20,583,127

The status of the utilisation of proceeds raised from the Proposed Private Placement is as follows:-

i) Status of utilisation of proceeds from Private Placement dated 6 December 2022

No.	Purpose	Proposed Utilisation		Actual Amount Raised	Actual Utilisation	Intended timeframe for utilisation from listing date (6 December 2022)	Balance of unutilised proceeds
		Base Scenario	Maximum Scenario				
		RM'000	RM'000	RM'000	RM'000		RM'000
1.	Future Viable Investment	10,720	-	9,487	-	Within 24 months	9,487
2.	Working Capital for New Project						
	i) Pengrang Intergrated Complex	3,458	-	3,028	2,762	Within 24 months	266
	ii) General	3,458	-	3,028	-		3,028
3.	In relation to the Proposed Private Placement	500	-	338	338	Upon completion of the Proposed Private Placement	-
TOTAL		18,136	-	15,881	3,100		12,781



NOTICE OF ANNUAL GENERAL MEETING

ii) Status of utilisation of proceeds from Private Placement dated 13 April 2022

No.	Purpose	Proposed Utilisation		Actual Amount Raised RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation from listing date (3 June 2021)	Balance of unutilised proceeds RM'000
		Base Scenario	Maximum Scenario				
		RM'000	RM'000				
1.	New Investment	4,700	4,700	4,700	3,600	Within 24 months	1,100
2.	Working Capital for New Project						
	i) Amzass (M) Sdn. Bhd.	1,000	1,000	1,000	352	Within 24 months	648
	ii) Highbase Strategic Sdn. Bhd.	5,000	5,000	5,000	5,000		-
3.	Working Capital for Existing Project	3,000	3,000	206	206	Within 12 months	-
4.	General working capital expenses	1,462	32,699	-	-	Within 12 months	-
5.	Estimated expenses in relation to the Proposed Private Placement	412	1,091	266	266	Upon completion of the Proposed Private Placement	-
TOTAL		15,574	47,490	11,172	9,424		1,748

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

- The 10th Annual General Meeting of the Company will be conducted fully virtual from the Online Meeting Platform at <https://bit.ly/3J8mUAX> provided by Acclime Corporate Services Sdn. Bhd. on Wednesday, 21 June 2023 at 10.00 a.m.
- The Directors who are standing for re-election at the 10th Annual General Meeting of the Company pursuant to Clause 98 of the Constitution of the Company are:-
 - Mr. Mohammad Shahrizal Bin Mohammad Idris
 - Mr. Zainal Arifin Bin Khalid
 - Mr. Yong Hee Kong

The details of the above Directors seeking for re-election are set out in the Profile of Directors as disclosed on pages 31, 33 and 34 of the Annual Report 2022.
- The Director who is standing for re-election at the 10th Annual General Meeting of the Company pursuant to Clause 104 of the Constitution of the Company is:-
 - Ms. Tong Jia Wann

The details of the above Director seeking for re-election are set out in the Profile of Directors as disclosed on page 36 of the Annual Report 2022.
- The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2022 are disclosed in the Corporate Governance Overview Statement set out on pages 41 and 42 of the Annual Report 2022.
- The statement relating to the general mandate for authority to issue and allot shares is set out in the Explanatory Notes to the Notice of the 10th Annual General Meeting on page 168 of the Annual Report 2022.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.





ADMINISTRATIVE GUIDE

IN RESPECT OF THE TENTH ANNUAL GENERAL MEETING (“10TH AGM”) TO BE HELD VIA AN ONLINE PLATFORM

DATE:	TIME:	FULLY VIRTUAL VIA ONLINE MEETING PLATFORM:
Wednesday, 21 June 2023	10.00 a.m.	https://bit.ly/3J8mUAX

GENERAL MEETING RECORD OF DEPOSITORS

- In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 June 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the AGM or appoint proxy(ies) to attend and/or vote on his(her) behalf.

PROXY

- A member entitled to participate and vote remotely at the AGM using the Virtual Meeting Facilities is entitled to appoint proxy/proxies, to participate and vote instead of him. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions set out hereunder.
- Alternatively, if a shareholder is unable to attend the AGM via Virtual Meeting Facilities on 21 June 2023, he/she can appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.
- The instrument appointing a proxy must be deposited at the Company’s Secretariat, Acclime Corporate Services Sdn. Bhd. at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or adjourned meeting, **not later than Tuesday, 20 June 2023 at 10.00 a.m. The appointed proxy(ies) must register themselves via the Registration Link in Item 10 below.**

POLL VOTING

- The voting at the AGM will be conducted by poll in accordance with Clause 73 of the Constitution of the Company. The Company has appointed **ACCLIME CORPORATE SERVICES SDN. BHD.** as Poll Administrator to conduct the poll by way of online voting and **NICHE & MILESTONES INTERNATIONAL SDN. BHD.** as Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions and submit your votes at any time from the commencement of the AGM at 10.00 a.m. and before the end of the voting session which will be announced by the Chairman of the meeting. The Online Voting link will be displayed in the Chat Box upon the commencement of the meeting. The QR Code for the Online Voting will also display on the screen upon the commencement of the voting session. Upon completion of the voting session for the AGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.


VIRTUAL MEETING FACILITIES

- We would like to invite the Shareholders to participate and vote remotely at the AGM using the Virtual Meeting Facilities. Please refer to Item 10 on the registration link.
- For the appointed Corporate Representatives representing the Corporate Shareholders, please register yourself via the Registration Link provided below to provide the following documents to Acclime Corporate Services Sdn. Bhd. not later than Tuesday, 20 June 2023 at 10.00 a.m.**
 - Original certificate of appointment of its Corporate Representative under the seal of the corporation; and
 - Corporate Representative’s e-mail address and hand-phone number.



ADMINISTRATIVE GUIDE

9. For the beneficiary of the shares under a Nominee Company's CDS account who wishes to use the Virtual Meeting Facility at the AGM may request its Nominee Company to appoint him/her as proxy to participate and vote remotely at the AGM via the Virtual Meeting Facilities, please submit the duly executed proxy form to Acclime Corporate Services Sdn. Bhd. **not later than Tuesday, 20 June 2023 at 10.00 a.m. and register yourself via the Registration Link below.**
10. Please follow the following steps to be taken for participating and voting via the Virtual Meeting Facilities:-

BEFORE THE AGM		
(a)	REGISTRATION	<ul style="list-style-type: none"> Please click on the following link to register yourself as Shareholder / Proxy / Corporate Representative / Beneficiary Owner of an Exempt Nominee for verification of attendance purpose. <p>Registration Link: https://bit.ly/3J8mUAX</p>
(b)	CONFIRMATION ATTENDANCE	<ul style="list-style-type: none"> Upon verification, the participation link will be sent to you via email.
(c)	SUBMISSION OF QUESTIONS	<ul style="list-style-type: none"> You may submit any questions online by scanning the QR Code below or via https://bit.ly/3kXxXE5 and to submit your questions accordingly:- 
ON THE AGM DAY		
(d)	PARTICIPATION	<ul style="list-style-type: none"> To participate in the meeting, click on the participation link which was provided to you via email, at least 15 minutes before the commencement of meeting at 10.00 a.m. on 21 June 2023. If you have any questions to be raised during the meeting, you may submit it by using the Q&A box. The Chairman/Board of Directors will address the questions submitted prior or during the meeting accordingly.
(e)	ONLINE VOTING	<ul style="list-style-type: none"> Upon the commencement of the meeting, the link to the online voting will be displayed in the Chat Box of the Virtual Meeting Room. Members or proxies may commence voting from 10.00 a.m. on 21 June 2023 until such time when the Chairman announces the closing of the voting session. After the counting of votes, the Chairman will announce the poll results.
(f)	CLOSURE	The AGM will be closed upon the announcement by the Chairman.





ADMINISTRATIVE GUIDE

NO DOOR GIFT

There will be no distribution of door gifts for the participation of the AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the AGM.

ENQUIRY

If you have any enquiry or require any assistance before or during the AGM, please contact the following during office hours from 9.00 a.m. to 5.00 p.m. (Mondays to Fridays):-

ACCLIME CORPORATE SERVICES SDN. BHD.

[Registration No.: 199901021060 (495960-D)]

Level 5, Tower 8, Avenue 5, Horizon 2,

Bangsar South City,

59200 Kuala Lumpur.

Tel : 603-2280 6388

Mobile/WhatsApp: 017-388 3989

Fax : 603-2280 6399

Email : office365support@hmc.my

Contact Person: Acclime Virtual Meeting Administrator



CDS Account No.

No. of Shares Held

 I/We _____ NRIC/Passport/Company No. _____
 (FULL NAME IN BLOCK LETTERS)

 of _____
 (FULL ADDRESS)

 Telephone No. _____ Email Address _____ being a
 member / members of GFM SERVICES BERHAD hereby appoint:-

FIRST PROXY

Full Name (in Block):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	Percentage (%)
Telephone No.:	Email:		
Full Address:			

If you wish to appoint a second proxy, this section must also be completed.

SECOND PROXY

Full Name (in Block):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	Percentage (%)
Telephone No.:	Email:		
Full Address:			

 or failing whom, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Tenth (10th) Annual General Meeting of **GFM SERVICES BERHAD** ("the Company") will be conducted fully virtual from the Online Meeting Platform at <https://bit.ly/3J8mUAX> provided by Acclime Corporate Services Sdn. Bhd. on **Wednesday, 21 June 2023 at 10.00 a.m.**, or any adjournment thereof.

My/Our proxy(ies) is(are) to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	<u>ORDINARY RESOLUTION 1</u> To approve the payment of Directors' Fees and benefits payable up to an amount of RM845,000 for the period from 22 June 2023 until the next Annual General Meeting of the Company to be held in 2024.		
2.	<u>ORDINARY RESOLUTION 2</u> To re-elect Mr. Mohammad Shahrizal Bin Mohammad Idris as the Director who retires in accordance with Clause 98 of the Constitution of the Company.		
3.	<u>ORDINARY RESOLUTION 3</u> To re-elect Mr. Zainal Arifin Bin Khalid as the Director who retires in accordance with Clause 98 of the Constitution of the Company.		
4.	<u>ORDINARY RESOLUTION 4</u> To re-elect Mr. Yong Hee Kong as the Director who retires in accordance with Clause 98 of the Constitution of the Company.		
5.	<u>ORDINARY RESOLUTION 5</u> To re-elect Ms. Tong Jia Wann as the Director who retires in accordance with Clause 104 of the Constitution of the Company.		
6.	<u>ORDINARY RESOLUTION 6</u> To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the ensuing year and authorise the Directors to fix their remuneration.		
7.	<u>ORDINARY RESOLUTION 7</u> Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.		

[Please indicate with (X) in the spaces provided how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his(her) discretion.]

Dated this _____ day of _____, 2023.

Signature of Member / Common Seal

Notes:-

Appointment of Proxy

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote on his(her) behalf.
2. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
3. A member may appoint more than one (1) proxy to attend the same meeting. Where a member appoints two (2) or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in the 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.
5. The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, it must be executed under its common seal or by its duly authorised attorney or officers.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Acclime Corporate Services Sdn. Bhd. at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the meeting or adjourned meeting.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 14 June 2023 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/ or vote on his(her) behalf.

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The Company Secretary of GFM Services Berhad

ACCLIME CORPORATE SERVICES SDN. BHD.

[Registration No.: 199901021060 (495960-D)]

Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City,
59200 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur, Malaysia.

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PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.

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GFM SERVICES BERHAD

[Registration No.: 201301003302 (1033141-H)]

A-3A-1, Melawati Corporate Centre, Jalan Bandar Melawati,
Taman Melawati, 53100 Kuala Lumpur, Malaysia.