

GFM SERVICES BERHAD
[Registration No.: 201301003302 (1033141-H)]
(Incorporated in Malaysia)

MINUTES OF THE NINTH (9TH) ANNUAL GENERAL MEETING OF GFM SERVICES BERHAD (“GFM” OR “THE COMPANY”) CONDUCTED FULLY VIRTUAL FROM THE ONLINE MEETING PLATFORM AT <https://bit.ly/3JuhnDp> PROVIDED BY HMC CORPORATE SERVICES SDN. BHD. ON THURSDAY, 23 JUNE 2022 AT 10.00 A.M.

PRESENT:-

Board of Directors (“the Board”)

- | | |
|---------------------------------------|--|
| Abdul Rahim Bin Abdul Hamid | - Independent Non-Executive Director (Chairman) |
| Ruslan Bin Nordin | - Executive Vice Chairman |
| Mohammad Shahrizal Bin Mohammad Idris | - Managing Director |
| Ashok Virendra Shah | - Independent Non-Executive Director |
| Yong Hee Kong | - Independent Non-Executive Director |
| Zainal Arifin Bin Khalid | - Independent Non-Executive Director |
| Zainal Bin Amir | - Non-Independent Non-Executive Director |

IN ATTENDANCE

- | | |
|---------------|---------------------|
| Wong Youn Kim | - Company Secretary |
|---------------|---------------------|

BY INVITATION

As per Attendance Lists

1. **CHAIRMAN**

The Chairman, Mr. Abdul Rahim Bin Abdul Hamid took the Chair and welcomed all present at the virtual Annual General Meeting (“AGM”) of the Company which was held via an online platform at Kuala Lumpur (“Meeting”). This Meeting was conducted in a fully virtual environment in accordance with the Guidance issued by the Securities Commission Malaysia.

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

2. **BRIEFING ON HOUSEKEEPING PROCEDURES**

The Company Secretary, upon request of the Chairman, briefed the members on the housekeeping procedures to be adhered to pertaining to the Meeting.

3. **QUORUM**

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

4. **NOTICE OF MEETING**

The Chairman informed the members that the notice of the Meeting (“the Notice”) was properly sent to all members of the Company and advertised in the New Straits Times newspaper on 29 April 2022.

The Notice, having been circulated earlier, was taken as read.

5. **POLL PROCEDURE**

Before proceeding with the Agenda of the Meeting, the Chairman highlighted that the businesses to be transacted in the Meeting involved the moving and passing of five (5) Ordinary Resolutions which require the approval by a simple majority of members or their proxies present at the AGM.

The Chairman informed the Meeting that all resolutions set out in the Notice would be voted by way of poll.

The Chairman further said that each motion would require a proposer and seconder to move and second the motion before putting forward for voting, except for Agenda 1 in relation to the receiving of the Audited Financial Statements as formal approval from members is not required.

With a view to facilitate the flow of the Meeting, Encik Ruslan Bin Nordin and Encik Mohammad Shahrizal Bin Mohammad Idris, the director and shareholder of the Company have offered themselves to be the proposer and seconder for all the motions.

The Chairman also informed the members that HMC Corporate Services Sdn. Bhd. has been appointed as the Poll Administrator to conduct the poll by way of online voting and U Search Management Services was appointed as the Independent Scrutineer to supervise the polling process and verify the poll results.

6. **PRESENTATION BY EXECUTIVE VICE CHAIRMAN AND HEAD OF FINANCE OF THE COMPANY**

Encik Ruslan Bin Nordin (“Encik Ruslan”), the Executive Vice Chairman of the Company and Encik Asmadey Bin Ibrahim, the Head of Finance of the Company briefed the members on GFM’s financial and operational performance for the financial year 2021, details of which were presented as follows:-

a) **Our Suite of Offerings**

GFM delivers optimal facilities management (“FM”) solutions to organisations across various industries. It provides customised support services enabling companies to focus on their core business and help customers to achieve their objectives.

With regards to the integrated facilities management segment which is the core business, the Group mainly provides operations and maintenance (“O&M”) activities comprising both hard and soft services as well as deliver management services for clients. The Group are committed to delivering the best quality of work and value-added offerings to create greater value and savings for clients with the optimisation of asset performance, in line with international quality management standards.

The Group also undertakes facility management advisory and consultancy services, covering planning and pre-construction as well as upgrading and refurbishment across an asset’s life cycle.

Currently, the Company aims to fortify its long-term concession business. GFM is the owner of a university asset concession, KP Mukah Development Sdn. Bhd. (“KP Mukah”). KP Mukah holds a 23-year concession for UiTM Mukah campus ending 2035.

b) **Key Highlights during the financial year 2021 (“FY2021”)**

- During the FY2021, revenue grew by 6% to RM124.1 million from RM117.5 million in the preceding year (“FY2020”) despite various lockdown periods.
- For FY2021, GFM’s net profit increased by 16.9% to RM10.0 million from RM8.6 million in FY2020.
- The earnings per share increased by 9% to 1.87 sen for the FY2021.
- The Group’s current orderbook stands at RM1.41 billion for FY2021, with a total of 16 ongoing projects.
- The Group has secured 2 new contracts in FY2021 and year-to-date 2022.
- There are robust earnings on the back of increased variations orders, streamlined overheads and lower finance costs.
- GFM regularised cost of sales at 14 months cost versus 12 months revenue.
- Internally, GFM streamlined the operations and supply chain to enhance cost efficiencies, while continuing to adopt and implement digitalisation initiatives at the Company’s project sites with the Internet of Things (“IoT”) solutions using GFM Enterprise Management System.

c) Ongoing Projects

GFM secured several new projects with the following parties during the FY2021 despite subdued market sentiment. This brought the Group's total outstanding orderbook to RM1.41 billion in FY2021, with a total of 16 ongoing projects:-

- Bank Negara Malaysia
- Pengerang Integrated Complex
- UiTM Mukah
- Pusat Pentadbiran Negeri Sabah
- EduCity Iskandar
- Pusat Rehabilitasi PERKESO

d) New Contract Wins

On the back of GFM's solid track record in managing institutions of higher learning, the Group was awarded a contract extension to provide FM services to 5 areas within EduCity Iskandar Malaysia. The contract value is RM6.3 million and is valid for 2 years from 1 April 2021 to 31 March 2023.

The Group was also awarded a contract to provide O&M services at Istana Negara. The contract value is RM367.2 million (excluding Sales and Service Tax) and is valid for 5 years from 15 June 2022 to 14 June 2027.

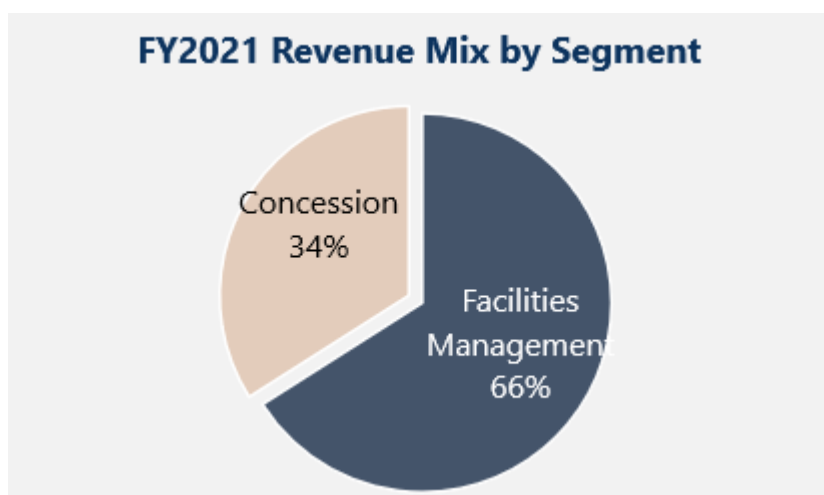
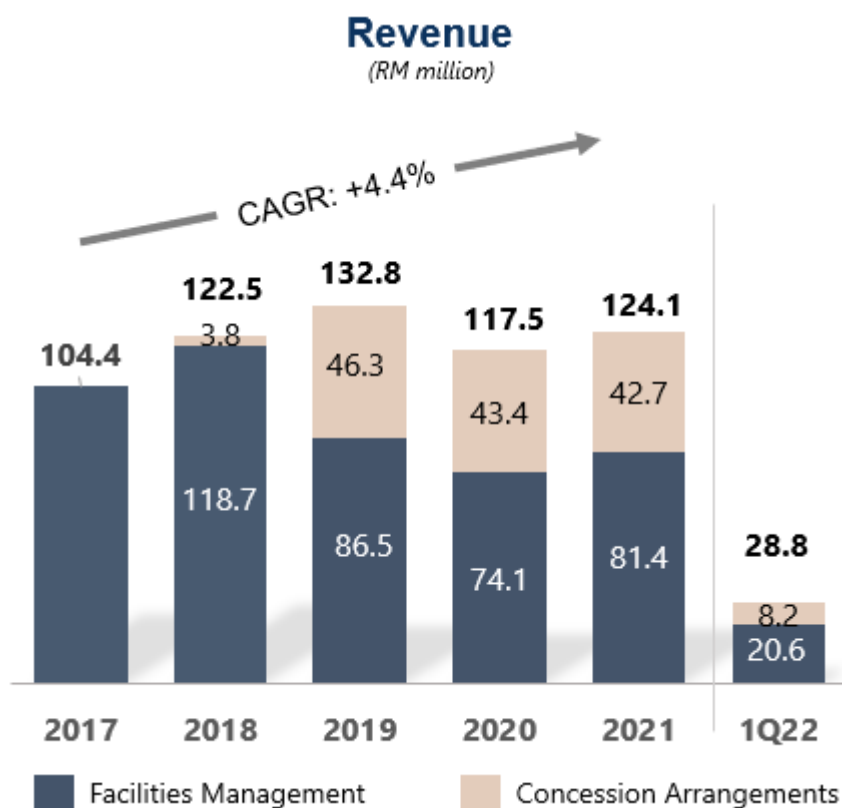
e) Fortifying Long-Term Concession Portfolio

Concurrently, GFM aims to fortify its long-term concession portfolio with recurring income streams to mitigate external headwinds. In this respect, the Company is exploring smart collaborations with strategic partners that will give the Company access to earnings-accretive opportunities, hence fast-tracking the Group's growth.

On 17 January 2022, GFM had entered into a Heads of Agreement ("HOA") with Jua Juara Sdn. Bhd., a wholly-owned subsidiary of Majuperak Holdings Berhad with the intention to form a proposed joint venture to develop, operate and maintain the Rest and Service Area ("RSA") at Hulu Bernam, Perak.

GFM is looking to expand the Group's recurring income streams within the concession space to mitigate uncertainties and ensure stable returns. The key takeaways are to enlarge the Group's portfolio of concession assets and recur income stream while widening GFM's scope of services.

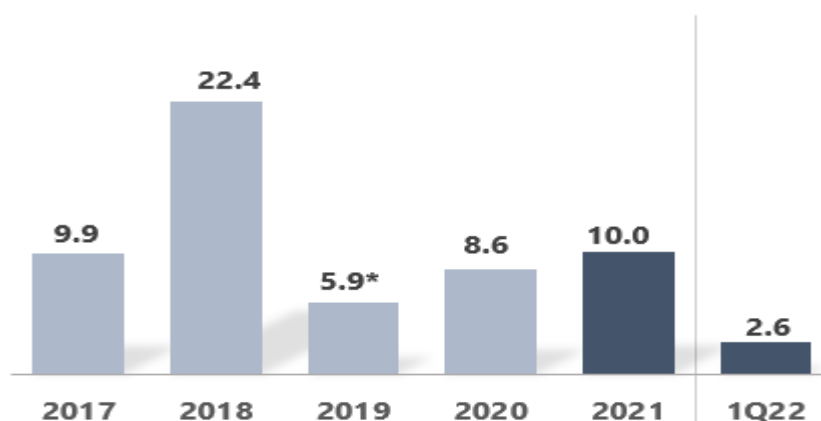
f) Group Revenue Trend



For FY2021, revenue grew by 5.6% to RM124.1 million from RM117.5 million in the FY2020 despite various lockdown periods. The growth was driven by increased contribution from the Group’s FM services, lifted by higher revenue from the provision of O&M services at the Pengerang Integrated Complex, Johor. The Group’s FM segment remained as the main revenue contributor with RM81.4 million or 65.6% of total revenue, while the Concession Arrangements division generated sales of RM42.7 million after consolidation adjustment, representing 34.4% of total revenue. Gross profit (“GP”) amounted to RM45.0 million, while GP margin stood at 36.2% in FY2021.

g) Resilient Performance

Profit After Tax and Minority Interest (PATAMI)
 (RM million)

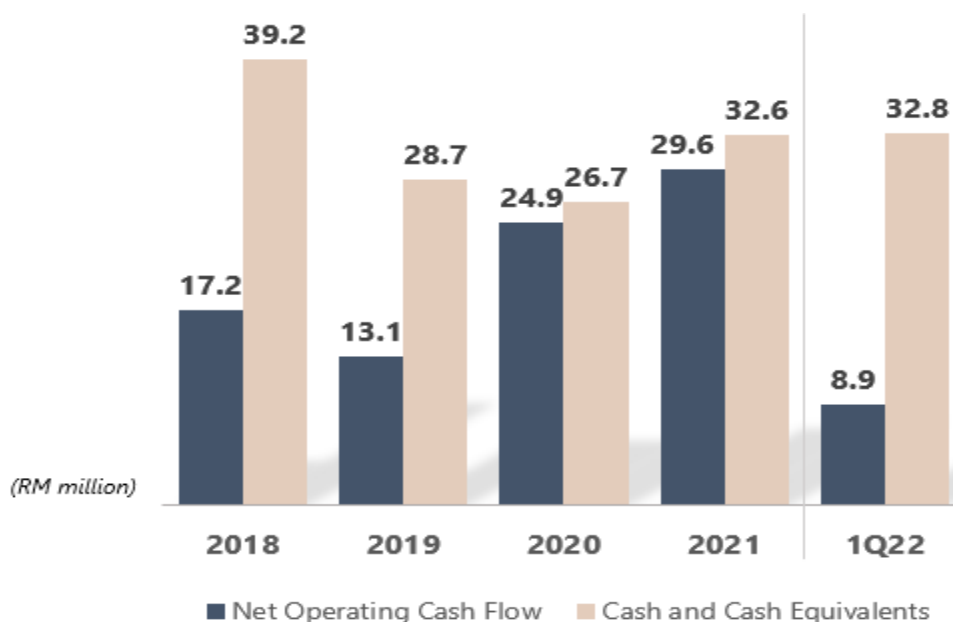


*Included one-off gain on bargain purchase of KP Mukah of RM20.2 million



The Group incurred lower project and operating expenses and higher revenue contribution from FM services. Finance costs also reduced on the back of the repayment of borrowings and a reduction in the repayment of KP Mukah's term loan from Bank Pembangunan Malaysia Berhad in line with the lower overnight policy rate in 2021.

h) Prudent Cash Flow Management



The Group maintains a track record of healthy net cash from operating activities. The Group practices prudent cash flow management by maintaining sufficient cash balances to execute orderbook and undertake growth plans.

i) Capital Management as at 31 March 2022

As at 31 March 2022, total borrowings decreased to RM302.2 million from RM330.8 million in FY2020 due to ongoing repayment of long-term borrowings. This translated to a lower gearing ratio of 0.64 times, as compared to 0.69 times in FY2020, with our deposits, cash and bank balances amounting to RM80.1 million as at 31 March 2022. GFM expects its gearing ratio to further improve as GFM continues to meet the Group's debt payment obligations, supported by steady recurring cash flows from KP Mukah, and ample funding to maintain operations and undertake new investments.

The net tangible assets per share stood at 23 sen as at 31 March 2022. The Group also generated a positive net operating cash flow of RM8.9 million as at 31 March 2022.

j) Forging Ahead

(i) Facilities Management

- Focused on delivering enhanced value for stakeholders and customers
- Tender for new contracts to replenish orderbook
- Identify emerging trends to remain competitive

(ii) Concession Arrangements

- Ensure optimisation of operations and FM services at UiTM Mukah until end of concession period in 2035
- Explore smart partnerships to grow recurring income base

(iii) Enhancing efficiencies

- Ongoing cost rationalisation efforts
- Increase service delivery to customers - continue to deploy IoT solutions at project sites
- Adopt tech-driven solutions with GFM Enterprise Management System
- Increase service offerings to maximise asset performance

After the presentation by the Executive Vice Chairman, the Chairman continued with the formal business of the Meeting.

7. **TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

The Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon were laid before the Meeting pursuant to Section 340(1)(a) of the Companies Act, 2016.

The Chairman then tabled all the items on the Agenda.

8. **ORDINARY RESOLUTION 1**

TO APPROVE THE PAYMENT OF DIRECTORS' FEES AND BENEFITS PAYABLE UP TO AN AMOUNT OF RM1,349,000 FOR THE PERIOD FROM 24 JUNE 2022 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD IN 2023

The Chairman tabled the Ordinary Resolution 1 in relation to payment of the Directors' Fees and benefits payable up to an amount of RM1,349,000 for the period from 24 June 2022 until the next AGM to be held in 2023.

9. **ORDINARY RESOLUTIONS 2 AND 3**

RE-ELECTION OF DIRECTORS

Ordinary Resolutions 2 and 3 were tabled to seek shareholders' approval for the re-election of Mr. Ashok Virendra Shah and Mr. Zainal Bin Amir, who were retiring in accordance with Clause 98 of the Constitution of the Company. They are being eligible, have agreed to offer themselves for re-election.

10. **ORDINARY RESOLUTION 4**

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

The Chairman informed the Meeting that Ordinary Resolution 4 is to re-appoint Messrs. Moore Stephens Associates PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

The retiring Auditors have expressed their willingness to continue in office.

11. **ORDINARY RESOLUTION 5**

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

The Chairman informed the Meeting that Ordinary Resolution 5 is to authorise the Directors 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.

12. **QUESTIONS AND ANSWERS SESSION**

The Chairman proceeded to the Questions and Answers session.

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

- 1) **Shareholders are taking time and efforts to register, go online and participate in the virtual AGM and would appreciate that the Company rewards us appropriately with Touch&Go credits / food vouchers / door gifts to us.**

There will be no door gift/vouchers provided as the AGM is conducted on a fully virtual basis, consistent with market practice. Nonetheless, the Board will take note of the suggestion and would consider it in planning future AGMs.

- 2) **What is the Company's outlook for the year and what is the target orderbook replenishment for the year?**

GFM's outlook has been presented during the AGM presentation. As for the orderbook replenishment, GFM has secured RM367 million in year-to-date 2022, and has active tenders of approximately RM380 million.

- 3) **Is the Company facing the problem of rising operating expenses amid inflationary environment? What is the potential quantum of margin erosion from these events? What are the measures taken by the Company to mitigate the impact?**

Generally, we do not face significant rise on our operational expenditure. The only increase is due to implementation of new base salary policy by the government. We are currently addressing the matter with our clients.

There is no erosion of margin since our existing contracts are fixed-term contracts & concession agreement.

- 4) **Share price has been declining from RM0.70 (5 years ago) to RM0.18 today, and I am one of the loyal shareholders who have lost 75% of my capital in my investment in this company. What is the company doing to improve the share price? What is the company doing to reward these loyal shareholders?**

Our share price will be subject to fluctuations beyond the control of the company. As a public listed company, we will continue to keep our investors updated on all material developments concerning the Group via the Bursa Malaysia and corporate website. Furthermore, we will also continue to engage with the media and the investing community to articulate further on the Group's growth strategies moving forward. As we focus on rolling out our growth strategies, and when our financial performance improves, we hope that the investment community will take notice and see value in us and share our outlook for the future.

- 5) **Out of the RM380 million orderbook, how much of the bids will be announced by year end? how confident is the Company in securing these contracts?**

We have an active tenderbook of approximately RM380 million and aims to secure 10% from the pipeline until the year end.

- 6) **GFM is currently addressing the matter, specifically rising wages by the Government, with your clients. Is the Company able to pass through any cost inflation to your clients should there is cost overrun?**

We are not able to pass through the cost inflation since our existing contracts are fixed-term contracts. However, inflation has been considered as we enter tenders. We have included 3% to 5% inflation computation YoY for all our 5-year service contracts.

- 7) **Can you tell us more the company growth strategies that you hope the investment community will take notice?**

GFM is focusing on executing our strategic plans to stay resilient. For our FM business, our efforts are channelled towards expanding our portfolio by proactively bidding for projects from both public and private sectors, while executing our projects on hand. In fact, we have successfully secured a sizeable contract to provide FM services for Istana Negara, which is expected to contribute positively to us for the next 5 years.

We also aim to become a leader in the long-term concession business. For KP Mukah, we will continue to serve our mandate with the provision of FM services at the UiTM Mukah campus until 2035, while enhancing our project management capabilities.

To remain competitive, we are adopting tech-driven solutions to enhance our service offerings to customers. We will continue to roll out the Internet of Things at more project sites with the GFM Enterprise Management System platform.

Beyond organic growth, we are also opened to pursuing strategic opportunities which are earnings-accretive and complementary to our business. We remain focus on expanding our project pipeline ad asset categories we manage, as we explore potential collaborations with strategic parties in order to achieve synergistic benefits and enhanced growth.

We are cautiously optimistic on the Group's outlook, driven by our strategic initiatives to further enhance GFM's capabilities and position in the industry. We look forward to reaping the benefits of our ongoing initiatives while delivering sustainable value to our shareholders.

Upon conclusion of the Questions and Answers session, the Chairman declared that the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon be taken as duly received pursuant to Section 340(1)(a) of the Companies Act, 2016.

The Ordinary Resolutions 1 to 5 were duly proposed and seconded by Encik Ruslan Bin Nordin and Encik Mohammad Shahrizal Bin Mohammad Idris, the director and shareholder of the Company and put aside by the Chairman for voting by poll upon completion of the remaining business of the Meeting.

13. **ANY OTHER BUSINESS**

The Company Secretary confirmed that no notice was received to transact any other business at the Meeting.

14. **POLLING / VOTING SESSION**

The Chairman then proceeded to conducting the poll. Upon the request of the Chairman, the Company Secretary briefed the shareholders on the polling procedures.

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

The Meeting was adjourned at 10.34 a.m. for the counting of votes.

15. **ANNOUNCEMENT OF POLL RESULTS**

The Chairman called the Meeting to order at 10.52 a.m. for the declaration of the poll results. The Chairman informed the Meeting that he had received the poll results which have been verified by the Independent Scrutineers.

The poll results which have been verified by the Independent Scrutineers, U Search Management Services were presented to the members as follows:-

| Resolutions | Voted For | | Voted Against | | Results |
|--|---------------|---------|---------------|--------|---------|
| | No. of Shares | % | No. of Shares | % | |
| <u>Ordinary Resolution 1</u> To approve the payment of Directors' Fees and benefits payable up to an amount of RM1,349,000 for the period from 24 June 2022 until the next Annual General Meeting of the Company to be held in 2023. | 195,021,151 | 99.8121 | 367,141 | 0.1879 | Carried |
| <u>Ordinary Resolution 2</u> To re-elect Mr. Ashok Virendra Shah as the Director who is retiring in accordance with Clause 98 of the Constitution of the Company. | 275,649,433 | 99.9883 | 32,192 | 0.0117 | Carried |
| <u>Ordinary Resolution 3</u> To re-elect Mr. Zainal Bin Amir as the Director who is retiring in accordance with Clause 98 of the Constitution of the Company. | 195,410,014 | 99.9819 | 35,278 | 0.0181 | Carried |
| <u>Ordinary Resolution 4</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. | 275,401,641 | 99.8753 | 343,984 | 0.1247 | Carried |
| <u>Ordinary Resolution 5</u> Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016. | 275,354,637 | 99.8571 | 393,988 | 0.1429 | Carried |

Based on the poll results, the Chairman declared that all the five (5) Ordinary Resolutions as set out in the Notice were duly carried.

It was **RESOLVED**:-

ORDINARY RESOLUTION 5
AUTHORITY FOR DIRECTORS TO ISSUE AND ALLOT SHARES IN THE COMPANY
PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

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.

16. **TERMINATION**

There being no other business to be transacted, the Meeting terminated at 10.54 a.m. with a vote of thanks extended to the Chair.

**CONFIRMED AS THE CORRECT RECORD
OF THE PROCEEDINGS THEREAT**

CHAIRMAN

Date: