

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

SEVENTH ANNUAL GENERAL MEETING OF GFM SERVICES BERHAD (“GFM” OR “THE COMPANY”) CONDUCTED FULLY VIRTUAL AT THE BROADCAST VENUE AT LEVEL 10, TOWER 1, AVENUE 5, BANGSAR SOUTH CITY, 59200 KUALA LUMPUR ON THURSDAY, 23 JULY 2020 AT 10.00 A.M.

SUMMARY OF PROCEEDINGS AND KEY MATTERS DISCUSSED

ATTENDANCE OF DIRECTORS

- | | |
|---|--|
| Mr. Abdul Rahim Bin Abdul Hamid | - Independent Non-Executive Director
(Chairman) <i>(present at the Broadcast Venue)</i> |
| Mr. Ruslan Bin Nordin | - Executive Vice Chairman
<i>(present at the Broadcast Venue)</i> |
| Mr. Mohammad Shahrizal Bin Mohammad Idris | - Non-Independent Non-Executive Director
<i>(present at the Broadcast Venue)</i> |
| Mr. Ashok Virendra Shah | - Independent Non-Executive Director
<i>(Via Video-conferencing)</i> |
| Mr. Yong Hee Kong | - Independent Non-Executive Director
<i>(Via Video-conferencing)</i> |
| Mr. Zainal Arifin Bin Khalid | - Independent Non-Executive Director
<i>(Via Video-conferencing)</i> |
| Mr. Zainal Bin Amir | - Non-Independent Non-Executive Director
<i>(Via Video-conferencing)</i> |

IN ATTENDANCE

- | | |
|-------------------|--|
| Ms. Wong Youn Kim | - Company Secretary
<i>(present at the Broadcast Venue)</i> |
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BY INVITATION

- | | |
|-------------------------------|---|
| Mr. Jeffery Bin Mohamad Akhir | - Group Chief Executive Officer
<i>(present at the Broadcast Venue)</i> |
| Ms. Keow Mei-Lynn | - GFM’s Investor Relations
<i>(present at the Broadcast Venue)</i> |
| Mr. Kenny Yeoh Khi Khen | - Representative of Messrs. Baker Tilly
Monteiro Heng PLT
<i>(Via Video-conferencing)</i> |
| Mr. Lo Kuan Che | - Representative of Messrs. Moore Stephens
Associates PLT
<i>(Via Video-conferencing)</i> |

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WELCOME ADDRESS

The Chairman, Mr. Abdul Rahim Bin Abdul Hamid took the Chair and welcomed all present at the virtual Annual General Meeting of the Company which is held via an online platform at the Broadcast Venue at Level 10, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur (“the Meeting”).

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

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.

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 22 June 2020.

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

PRESENTATION BY EXECUTIVE VICE CHAIRMAN

Mr. Ruslan Bin Nordin, the Executive Vice Chairman of the Company briefed the members on GFM’s financial and operational performance for the financial year 2019.

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Audited Financial Statements for the financial year ended 31 December 2019 (“FY2019”) 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.

QUESTIONS AND ANSWERS SESSION

The Chairman proceeded to the Questions and Answers session.

The Chairman informed that the following questions were raised by the shareholders to the Company prior to the Meeting and the answers provided in response to those questions by Ms. Keow Mei-Lynn (“Ms. Mei-Lynn”), the GFM’s Investor Relations are as follows:-

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1) What is the impact of Covid-19 on GFM?

During the Movement Control Order (“MCO”) in March 2020, GFM continued to provide the essential Facilities Management (“FM”) services across all operation sites with reduced manpower capacity and additional precautionary measures.

In the early days of the MCO, manpower at some operation sites reduced to 20-50%, and gradually increased to 50-100% during the Conditional Movement Control Order (“CMCO”) period. There were no contract terminations as a result of the MCO.

Businesses are allowed to operate throughout the Recovery Movement Control Order (“RMCO”). Hence, our manpower at operation sides have returned to 100% and GFM always abide to the standard operating procedures set by the government.

We will continue to monitor the developments and will take appropriate steps to minimise disruptions as we remain committed to our clients.

In the near term, we anticipate that companies will be more cautious on their spending in view of the Covid-19 pandemic, which might lead to a slowdown in new contract awards.

2) What are the Company’s future plans to overcome the economic challenges arising from Covid-19?

Moving forward, we will be focusing on executing our strategic plans to weather global headwinds. 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.

We also aim to become a leader in the long-term concession business. For KP Mukah Development Sdn. Bhd., our university asset concessionaire, 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.

Beyond organic growth, we are also open to pursuing strategic opportunities which are earnings-accretive and complementary to our business. We remain focused on expanding our project pipeline and asset categories we managed, 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.

3) Why has the share price been so low since 2018?

We have to accept that 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 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.

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4) **Any plans for share buyback?**

We are always open to opportunities for us to add value to our shareholders. While we do not rule out the possibility of us to embark on a share buyback exercise, we would need to carefully consider the utilisation of our cash resources as we are on a growth expansion mode.

5) **How much is the interest costs saved due to the rapid lowering of interest rate by Bank Negara Malaysia in the last 1 year? Will this translate to the bottom line of the company?**

The lowering of the Overnight Policy Rate by Bank Negara Malaysia is expected to lead to savings in our finance costs. Our finance costs for 1Q FY2020 is RM6.1 million, 9% or RM622,000 lower as compared to RM6.8 million in 1Q FY2019.

6) **What is the next project for this company? I hear rumours regarding contract sanitisation school in Malaysia. Is it true?**

For our FM business, we are constantly working towards expanding our portfolio by proactively bidding for projects from both public and private sectors, while executing our projects on hand. As and when we do secure any new projects, we will make the necessary announcements on Bursa Malaysia.

7) **What is your typical contract renewal rate?**

Usually, a few months prior to the expiry of a contract, our business development team will commence negotiations for contract renewal with the customer. So far, we have received positive feedback from our customers who are pleased with our service delivery. On average, the length of relationship with our customers are approximately 3-5 years.

8) **Why there is an increase in Directors' fees amounting to RM1.09 million this year versus RM419,000 in the previous year?**

Actually, in 2019, the total amount paid to all Directors, including Executive and Non-Executive Directors stood at RM1.9 million. This includes salary and other emoluments, fees, attendance allowance and benefits-in-kind.

For 2020, this figure will be lower as three of the Group's Directors have been redesignated from Executive to Non-Executive. The Non-Executive Directors will no longer receive salaries and other emoluments but instead receive Director fees which will be lower than when they held Executive roles.

The three Directors who were redesignated from Executive to Non-Executive are as follows:-

- Mr. Zainal Bin Amir who was redesignated from Executive Director to Non-Executive Director on 31 October 2019.
- Mr. Ruslan Bin Nordin who was redesignated from Group Managing Director to Non-Executive Director on 1 January 2020. Subsequently, on 2 June 2020, he was redesignated to Executive Vice Chairman.
- Mr. Mohammad Shahrizal Bin Mohammad Idris who was redesignated from Executive Director to Non-Executive Director on 7 January 2020.

The breakdown of our Directors' fees can be seen in the Corporate Governance Overview Statement on page 48 of the Annual Report 2019.

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The Chairman added that there were questions received from the shareholders during the live-streamed Meeting.

Mr. Chong Yeh Sai and Mr. Lum Pek Kam, the shareholders of the Company asked if the Company provides any voucher or free gift to the shareholders. Ms. Mei-Lynn explained that the Company will not distributed any e-voucher or gift to the shareholders this year.

A shareholder, Mr. Koh Kok Heng (“Mr. Koh”) asked if there is any near-term plan to refinance loan to amid the current low yield environment. Ms. Mei-Lynn replied that the Company is looking at various options to reduce the obligations of the Company. She added that the Company is always open to opportunities and will consider avenues to enhance the Company’s debt structure. The lowering of the Overnight Policy Rate by Bank Negara Malaysia will lead to savings in the finance costs. Mr. Koh also enquired on the downside risks to the Company to amid the current economy. The Company Secretary replied that the business is counter cyclical and the Company is not adversely affected by the Covid-19 pandemic.

A shareholder, Mr. Lionel Ling Haw Liang asked if the RM3 million revenue contributed to GFM under the engineering, procurement, construction and commissioning services (EPCC) contract. To that, Ms. Mei-Lynn replied that as per Bursa announcement dated 1 July 2020, the Company will be entitled to 10% share of the proceeds of the contract price based on the consortium terms.

Upon the conclusion of the Questions and Answers session, the Chairman declared that the Audited Financial Statements for the FY2019 and Reports of the Directors and Auditors be taken as duly received pursuant to Section 340(1)(a) of the Companies Act, 2016.

The Ordinary Resolutions 1 to 8 and a Special Resolution were duly proposed and seconded by Mr. Ruslan Bin Nordin and Mr. Zainal Bin Amir, the shareholders of the Company and put aside by the Chairman for voting by poll upon completion of the remaining business of the Meeting.

POLL RESULTS

The poll results which have been verified by the Independent Scrutineers, Coopers Professional Scrutineers Sdn. Bhd. were presented to the members as follows:-

Resolution	Votes in Favour		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<u>Ordinary Resolution 1</u> To declare a Final Single-Tier Tax Exempt Dividend of 0.1771 sen per ordinary share of the Company in respect of the financial year ended 31 December 2019.	302,672,129	100.000	1,088	0.000	Carried
<u>Ordinary Resolution 2</u> To approve the payment of Directors’ fees and benefits payable for the financial year ended 31 December 2019.	302,461,043	99.960	122,174	0.040	Carried

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Resolution	Votes in Favour		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<p><u>Ordinary Resolution 3</u> To approve the payment of Directors' fees and benefits payable up to an amount of RM1,085,000 for the period from 1 January 2020 until the next Annual General Meeting of the Company to be held in 2021.</p>	302,449,012	99.956	134,205	0.044	Carried
<p><u>Ordinary Resolution 4</u> To re-elect Mr. Mohammad Shahrizal Bin Mohammad Idris as the Director who is retiring in accordance with Clause 98 of the Constitution of the Company.</p>	302,663,043	99.999	2,174	0.001	Carried
<p><u>Ordinary Resolution 5</u> To re-elect Mr. Zainal Arifin Bin Khalid as the Director who is retiring in accordance with Clause 98 of the Constitution of the Company.</p>	302,663,043	99.999	2,174	0.001	Carried
<p><u>Ordinary Resolution 6</u> To re-elect Mr. Yong Hee Kong as the Director who is retiring in accordance with Clause 98 of the Constitution of the Company.</p>	302,671,043	99.999	2,174	0.001	Carried
<p><u>Ordinary Resolution 7</u> To appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company for the ensuing year in place of the outgoing Auditors, Messrs. Baker Tilly Monteiro Heng PLT and to authorise the Directors to fix their remuneration.</p>	302,671,043	99.999	2,174	0.001	Carried
<p><u>Special Resolution</u> To approve the Proposed Amendments to the Constitution of the Company.</p>	302,571,043	99.966	102,174	0.034	Carried

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Resolution	Votes in Favour		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
<u>Ordinary Resolution 8</u> Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	302,571,043	99.966	102,174	0.034	Carried

Based on the poll results, the Chairman declared that all the eight (8) Ordinary Resolutions and one (1) Special Resolution as set out in the Notice were duly carried.

TERMINATION

There being no other business to be transacted, the Meeting terminated at 11.30 a.m. with a vote of thanks extended to the Chair.