

Fahi Dhiriulhun Corporation Limited

Male, Maldives.

Minutes of the Annual General Meeting (2021)

Venue: Microsoft Teams (online)

Date: 30th June 2022

Time: 1400hrs

Attendees:

- | | |
|-------------------|-------------------|
| 1. Mohamed Azim | Chairman |
| 2. Salfiyya Anwar | Managing Director |
| 3. Ahmed Musid | Director |
| 4. Hassan Safwan | Director |
| 5. Ibrahim Nizam | Director |
| 6. Ahmed Ameen | Company Secretary |

Shareholder Representative from the Government of Maldives:

- | | |
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| 1. Ahmed Shareef | State Minister, Ministry of Finance |
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Representative from External Auditor:

- | | |
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| 1. Hassan Mohamed | Managing Partner, Crowe Maldives LLP |
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Invitees from FDC

- | | |
|---------------------------|---|
| 1. Ahmed Shamool Abdullah | Manager, Business Development and Corporate Affairs |
| 2. Shifa Mohamed Saeed | Manager, Finance |

Agenda

1. Inauguration by the Chairman.
2. Approving the Minutes of the Annual General Meeting 2020 held on 30th August 2021.
3. Presenting and approving the Annual Report of FDC for 2021.
4. Presenting and Approving the Audited Financials of FDC for 2021.
5. Any other Matters

The meeting was started by the Chairman Mohamed Azim at 14:00hrs.

1. Agenda item number 1: Inauguration by the Chairman

The Chairman of FDC inaugurated the meeting by welcoming all the participants.

He informed that the Annual General Meeting (AGM) being held is the 3rd AGM of the Corporation and noted the following:

- Practical implementation of the primary objective of the Corporation i.e constructing Government's social housing projects have commenced, and construction of 4000 social housing units is currently ongoing.
- Additionally, the Corporation is in the process of entering into loan agreements to construct 2000 housing units.
- The Corporation has entered into framework agreements with two Companies for the construction of 2000 housing units in atolls.
- Overall, work at the Corporation is ongoing at an efficient speed.

2. Agenda item number 2: Approving the Minutes of the Annual General Meeting 2020 held on 30th August 2021

The Company Secretary presented the minutes.

No comments were made by the representative of the Shareholder and the quorum Directors regarding the minutes.

The Minutes were approved as presented.

3. Agenda item number 3: Presenting and approving the Annual Report of FDC for 2021

Summary

This item was presented by Ahmed Shamool Abdullah/ Manager, Business Development and Corporate Affairs. Shamool noted the following in his presentation:

Board of Directors

- Board of Directors remained the same in the year 2021, similar to the year 2020.
- A minor difference in the share capital was noted in the year 2021 compared to 2020.
- 4 policies were endorsed by the Board in the year 2021, namely: Leave Policy, Attendance Policy, Whistle-blower Policy, and Sponsorship policy.

Corporate Governance

- No changes were noted to the Executive team during the year 2021, however 2 employees in Assistant Manager positions were promoted to Manager positions during the year.

Human Resources

- Work was done to develop the work force of the Corporation during the year 2021, including the open day event conducted to equip interested individuals with technical knowledge and expertise of the field, and to enlighten the public regarding work done at FDC.
- The Corporation has signed an MOU with the Ministry of Youth, Sports & Community Empowerment to conduct an apprentice program during the year 2021, and 6 apprentices were recruited under this program during the year 2022.

Trainings

- IFRS training initiated by the Corporation and in collaboration with KPMG was conducted, aimed for SOE's and other related companies. Board of Directors of FDC participated in this training as well.
- Team building training was conducted among FDC staff.
- 5 employees of the Corporation took part in the 6-day Business writing skill programme.

Overall Operation Highlights

- EPC agreements signed with NBCC India Ltd, JMC India Ltd and Ashoka to develop a total of 6000 housing units.
- Work was done regarding developing mixed residential housing in Malé City.
- Buyers credit agreement was signed with India Exim Bank to develop 4000 housing units.

Business Performance

NBCC

- EPC agreement with NBCC was signed on 2nd February 2021, and practical work of the project commenced on 18th January 2022.
- The project implementation is being carried out in accordance with the timeline, targeting to complete the project within 900 days.

JMC

- EPC agreement with JMC was signed on 8th March 2021, and practical work of the project commenced on 8th December 2021.
- The project implementation is being carried out in accordance with the timeline, targeting to complete the within 1125 days.

Ashoka

- EPC agreement was signed with the Company, however, practical work of the project has not commenced as the project financing has not yet been secured.

Discussion

No discussions were carried out regarding the matter.

Decision

The Annual Report of FDC for 2021 was approved by the Shareholder.

4. Agenda item number 4: Presenting and Approving the Audited Financials of FDC for 2021

Summary

This item was presented at the AGM by Shifa Mohamed Saeed/ Manager, Finance. Shifa noted the following in her presentation:

- MVR 5350 was received as other income by the Corporation in the year 2021. Compared to 2020, this is a significantly low amount. The reason for this depletion is due to not receiving rental income from the Orchid Building in the year 2021, compared to the year 2020.
- Operating expenses increased by 31% in 2021 as the operation scope widened.
- Finance cost is the office rent cost recognized as per IFRS 16. Finance cost increased by 84% in 2021 compared to 2020.
- Overall net loss increased by 38% in the year 2021.

Operating Expenses

- HR remuneration was recorded as 64%, followed by consultancy expense which was at 12%.
- Expense for utilities was 5% overall.
- Other costs include 3% as general administrative expense, and 2% as printing and office supply expense.
- Overall, the operating expense of 2021 was 9.3 million, while the operating expense recorded for the previous year was 7.1 million.

Statement of Financial Position

- Total assets of 5.3 million was recorded in the year 2020, out of which 53% was financed by Government's capital contribution. 47% was recorded as the liabilities, which is the amount recognized as lease liabilities.
- Total assets of 640.6 million was recorded in the year 2021, out of which 26% was financed from the Government's capital contribution. 74% was recorded as the liabilities, including the lease liabilities and loans acquired from EXIM.

External Audit

- Received an unqualified opinion from the External Auditor, meaning that the External Auditor has recognized the financial statements to be true and fair in all material aspects.
- Audit report highlighted that FDC has not obtained legal titles of the of the lands allocated for the projects.
- The Auditor has reviewed the tripartite agreement between FDC, HDC, and Ministry of Finance and has remarked that the FDC has an exclusive right to operate projects in the lands and to sell the units constructed in those lands.

Overall Financial Outlook 2022 to 2023

- The Corporation is expected to generate revenue by the end of next year, or at the beginning of the year 2024.
- All expenses are covered under the Government budget until revenue generation by the Corporation commence.
- FDC's leverage ratios are predicted to be unfavourable for the next few years, and it is also expected that the Corporation will face difficulties in securing borrowing at concessional interest rates in the coming years.

Discussion

Chairman informed that the land title transfer process is ongoing.

Decision

The Audited Financials of FDC for 2021 was approved by the Shareholder.

5. Agenda item number 5: Any other Matters

Summary

The Shareholder's representative, Ahmed Shareef, enquired if his vote was required to approve the Annual Report of FDC for 2021 and Audited Financials of FDC for 2021.

CS affirmed that the vote of the Shareholder is required to approve both items.

Procurement Policy

The Shareholder's representative enquired if the Corporation received the Procurement Policy published by PCB, and if any discussion were held regarding the policy.

CS responded that PCB's Procurement Policy was received by the Corporation and that the Corporation's internal procurement policy was revised and endorsed in accordance with PCB's Procurement Policy. He further added that the policy was endorsed during January, and that this will be reflected in the current year's annual report.

Identified risks

The Shareholder enquired if any risks were identified that may delay the projects beyond the timeline, and if any actions were taken by the Corporation to improve the progression of the projects.

The Managing Director noted that the total duration for one project is approximately 2.5 years, and the other project is approximately 3 years, however the Corporation is pursuing to complete 13 towers by the end of mid-year. She further added that the Contractor's schedule is prepared by keeping this target in mind.

MD notified that a project department was established within the Corporation for the close supervision of work in accordance with the schedule, and to assure quality of the work being done.

She noted that a minor delays in NBCC project was identified, however it is not significant delay which cannot be overcome to complete the project in accordance with the timeline.

MD informed that FDC has opened an office in Hulhumalé and the project implementation function was moved to the Hulhumalé office for closer access and supervision of the project sites.

The Shareholder's representative enquired regarding any future risks that may arise causing delay in the project timeline.

MD responded that no major future risks have yet been identified and that the Corporation remains vigilant regarding future risks.

She further added that the Corporation is in communication with the stakeholders including HDC, Ministry of Finance and Ministry of National Planning, Housing & Infrastructure regarding avoiding and minimizing future risk factors.

Board meetings held in the year 2021

Shareholder's representative enquired the details of the Board meetings held in the year 2021.

CS displayed the Board meeting details and attendance for reference of the Shareholders' representative and the quorum Directors.

Substantial difference in other income in 2021 compared to 2020

Shareholder's representative enquired regarding the reason for the substantial difference in other income in 2021 compared to 2020.

Shifa responded that in 2020, the Corporation received rental income from the subleasing the 8th floor of the Orchid Building. However, this rental income was not received in 2021 as the contract expired and as FDC's office had to be shifted to the Post Office Building. The income of MVR 5350 received as other income in 2021 was the amount received from the sale of a minute item.

Unsolicited SP process

The Shareholder's representative noted that a USP guideline was published by the Ministry of Economic Development (MED) which is essential for the Corporation's functions and enquired regarding any difficulties faced by the Corporation with regard to this guideline.

MD responded that MED is one of the stakeholders of the Corporation, and that the Corporation commences project work upon receiving the USP's from the secretariat of MED.

CS added that the Corporation does not have the opportunity to provide input during the USP process, and that the Corporation commences work of entering into framework agreements upon receiving the finalized USP's from the secretariat with the approval of the Economic Council. He further added that as the Corporation is not directly involved in the USP process, it is hard to note any difficulties in the process.

MD added that the Corporation finds the current USP process to be satisfactory.

Closing remarks by the Chairman and the MD

MD expressed her gratitude that the projects have materialized and thanked the Board of Directors and the stakeholder for the support received. She further added that the Corporation targets to conduct projects aimed for atolls in the future.

Chairman noted that the Housing Ministry has opened applications for the housing units developed by the Corporation. He added that the Corporation is striving to complete the projects in accordance with the timeline. He further thanked the senior management and the management for their hard work in project implementation.

The meeting concluded at 14:38 hrs.

END