

STATEMENT FROM THE GROUP CHIEF FINANCIAL OFFICER

GROUP SEGMENTAL PERFORMANCE (CONT'D.)

Strong construction order book of RM4.5 billion and unbilled property sales of RM4.6 billion will see the Group through the next two years

Moving forward, the resilience of the Group is underpinned by its RM4.5 billion construction order book and RM4.6 billion unbilled property sales which will see it through the next two years. On top of that, the Group has a healthy balance sheet with a low gearing of 0.2 times and a strong cash position.

Lower traffic plying the four expressways amid more lockdowns in Malaysia

The concession division's earnings had declined 28 percent due to lower traffic plying the Group's four expressways as more lockdowns were imposed in Malaysia this year as COVID-19 cases surged. Gamuda Water's essential water services continued unimpeded.

ENGINEERING AND CONSTRUCTION

Strong order book of RM4.5 billion – excluding the RM5 billion order book from Penang South Islands' (PSI) Silicon Island project; construction works continued unimpeded due to rigorous COVID-19 control measures

The construction division delivered a solid earnings performance this year, earnings jumped 46 percent to RM253.0 million from last year's RM173.1 million mainly due to higher earnings contribution from MRT Putrajaya Line as the first phase traversing from Kwasa Damansara station to Kampung Baru station nears completion with operations to commence in November 2021. Excluding PSI's Silicon Island (Island A), the construction order book stands at RM4.5 billion.

(a) Recent Award: Taiwan – 161kV Songshu to Guangfeng underground transmission line (RM460 million)

Gamuda's 50 percent-owned joint venture with a Taiwanese company has in August 2021 won the tender to construct a 161kV underground transmission line and auxiliary electrical and mechanical system with a contract price of NTD3,087 million for Taiwan Power Company Ltd., a state-owned electric power industry enterprise in Taiwan. Construction duration is about three and a half years.

(b) Klang Valley Mass Rapid Transit (KVMRT): MRT Putrajaya Line

As of 31 July 2021, MRT Putrajaya Line's overall cumulative progress is on schedule; Elevated works package at 97 percent and Underground works package at 90 percent. Overall progress for Phase 1 (Kwasa Damansara station to Kampung Baru station) is substantially completed with system integration testing and operational readiness in progress. For Phase 2 Underground works and Elevated packages, the station structural, mechanical installation, fit-out works, and trackworks are progressing well. Delivery and assembly of system equipment and electric train for Phase 2 are currently ongoing.

ENGINEERING AND CONSTRUCTION: NET PROFIT

RM253 MILLION
INCREASE OF 46%

ENGINEERING AND CONSTRUCTION (CONT'D.)

(c) Penang Transport Master Plan (PTMP)

The Penang State Government (PSG) and the Company's 60 percent-owned SRS Consortium Sdn Bhd (SRS) have executed a Public Private Partnership (PPP) agreement on 25 March 2021 whereby SRS will undertake the construction and development of the Silicon Island (Island A) of the PSI via a project development model in a 70:30 PPP joint venture with the PSG. Key terms of the Joint Venture Agreement are:

- PSG gets a 30 percent stake in the joint venture.
- All equity capital and borrowings will be funded by SRS. SRS assumes all project risks including underwriting all borrowings required for the project with no recourse to PSG.
- Phase 1 reclamation works shall be awarded to Gamuda Engineering Sdn Bhd, a wholly-owned subsidiary of the Company. The contract price shall be determined after verification by an Independent Consulting Engineer to be appointed by PSG.

On 8 September 2021, the Appeal Board of the Department of Environment set aside the approval of the PSI Environmental Impact Assessment (EIA), ruling that the approval did not comply with Section 34A(4)(a) of the Environmental Quality Act 1974. This was because the Penang Structure Plan 2030 was not in force at the time the EIA approval was given.

The PSG intends to file a Judicial Review, and will also resubmit the EIA for approval so that the PSI Project, which is critical to the recovery of the State's economy post COVID-19, can continue as planned. This could delay the reclamation works by six to eight months.

(d) Sarawak

(i) Pan Borneo Highway Package (WPC-04) (Pantu Junction to Btg Skrang)

The Sarawak Pan Borneo Highway package (WPC-04) project's scope which includes the widening and upgrading of the existing 89.3km long highway from two-lane single carriage road to a four-lane dual carriageway of JKR R5 standard, is progressing on schedule with overall cumulative progress at 63 percent as of July 2021. Naim Engineering Sdn Bhd – Gamuda Berhad JV is the contractor.

(ii) Batang Lupar Bridge at Sri Aman Town

Naim Engineering Sdn Bhd – Gamuda Berhad JV accepted the award of the Second Trunk Road (Package B3) Proposed Batang Lupar Bridge No. 2 at Sri Aman Town project valued at RM224 million on 24 February 2020. Extension of Time (EOT) No. 1 due to impact from the MCO was granted on 18 August 2020. With a total extension of 79 days, the new target completion date will be on 9 June 2024. Overall cumulative progress as of the end of July 2021 was on schedule at six percent.

(e) Taiwan

(i) Marine Bridge

The Group's 70 percent-owned joint venture with a Taiwanese company is constructing a 1.23km marine bridge worth NTD3,955 million (equivalent to RM522 million) for CPC Corporation Taiwan, a state-owned petroleum company which is expected to be completed in November 2022. Offshore piling works and external casing are progressing well according to schedule. The overall cumulative progress as of the end of July 2021 was on schedule at 59 percent.

(ii) Seawall for Reclamation Project

Gamuda's 70 percent-owned joint venture with a Taiwanese company has in December 2019 won the tender to construct 4,014 metres of seawall structure with contract price of NTD6,817 million (RM932 million) for Taiwan International Ports Corporation, a state-owned port operation company. Completion is targeted for March 2025. Caisson construction is in progress. The overall cumulative progress as of the end of July 2021 was on track at 19 percent.

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ENGINEERING AND CONSTRUCTION (CONT'D.)

(f) Gamuda Australia

Gamuda (Australia) Branch and Gamuda Engineering (Australia) Pty Ltd are well established and expected to contribute positively. We are actively bidding for multibillion worth of projects in New South Wales, Victoria, Queensland and Western Australia.

Notable projects currently under tender:

- AUD2.5 billion (RM7.5 billion) Sydney Metro West – Western Tunnelling Package; project award has been extended to Q1, 2022 due to change of tender specifications by client
- AUD2.5 billion (RM7.5 billion) Western Sydney Airport Metro line (Station Box and Tunnelling package); outcome expected in December 2021
- AUD1.5 billion (RM4.5 billion) Coffs Harbour Bypass 12km Road Project – shortlisted to participate in the tender process in early October 2021 with the outcome expected in mid-2022

(g) Singapore: Gali Batu Multi-Storey Bus Depot

The Land Transport Authority of Singapore (LTA) awarded the SGD260 million (RM800 million) contract for the Gali Batu Multi-Storey Bus Depot to Greatearth Corporation-Gamuda Berhad Singapore Branch Joint Venture on 12 November 2019. The project consists of a three-storey administrative building, a five-storey dormitory and a five-storey main depot equipped with parking spaces for 715 buses, refuelling and washing facilities, repair and maintenance facilities with cutting-edge technology to cater for the operation of electric buses. The original contract duration is 41 months.

Excavation work and piling works for the bus depot are ongoing at the site. The overall cumulative status as of the end of July 2021 was on track at 15 percent.

Our 55 percent joint venture partner, Greatearth Corporation filed a statutory declaration on 3 September 2021 of the company's inability to continue business, and notified us of their intention to withdraw from this contract. We are currently pursuing a full novation of the contract to Gamuda Berhad Singapore Branch with LTA, and a settlement agreement with Greatearth Corporation in parallel.

(h) Gamuda Digital IBS

Gamuda Digital Industrialised Building Systems (IBS) currently operates from its larger Banting factory while its smaller Sepang factory remained shut down since last year as the pace of building construction slowed because the contractors were only able to operate at half capacity due to stringent health and safety control measures imposed by the authorities. Digital IBS produces solid walls and slabs, double-wall, pre-stressed slab, bathroom pods and other special elements that applies to both high-end and affordable, landed and high-rise residential and commercial unit. Digital IBS produced the units for Gamuda Land as well as other property developers.

Various cost reduction initiatives have been implemented to bring down the operational cost as well as redesigning the construction architecture of the range of precast products, to gain a competitive edge over conventional construction methods.

PROPERTY DEVELOPMENT

Overseas projects, especially Vietnam and Singapore, continued to lead in sales performance, contributing two-thirds of overall sales; Sales returning to pre-pandemic level

RM'million	Pre-COVID year	Half-COVID year	Full-COVID year
	2019	2020	2021
Property Sales:			
Overseas	2,055	1,463	1,756
Local	1,015	722	1,122
Total	3,070	2,185	2,878

Property sales increased by 32 percent as the property division sold RM2.9 billion worth of properties this year compared with RM2.2 billion last year. Sales for the current year was returning to the pre-pandemic annual sales of RM3 billion recorded back in 2019. Strong overseas sales, especially Vietnam and Singapore, contributed two-thirds of overall sales while improved sentiment continued to drive sales for key local projects.

Notwithstanding cautious consumer sentiments, demand remains strong supported by low interest rates and home ownership incentives introduced by the government. On top of that, engagement with existing and potential customers via Virtual Experience Gallery, Gamuda Land Lifestyle Mobile app, and launching of Gamuda Land Online Property Deals website accompanying with targeted digital marketing through push technology are proven to be effective. Local project sales jumped 55 percent compared with last year due to pent-up demand for the three newer local projects, Gamuda Gardens, twentyfive.7 and Gamuda Cove. Overseas sales rose 20 percent as projects in Vietnam and Singapore continued to lead in overall sales; overseas sales contributed two-thirds of the Group sales. The property division remains committed to grow core business segments and to reduce inventories.

RM'million	2021	2020	Var
Unsold completed properties	781	853	-8%
Unbilled property sales	4,600	3,300	39%

**PROPERTY DEVELOPMENT:
NET PROFIT**

RM172 MILLION
INCREASE OF 36%

RM200 million property stocks were cleared in 2021; Balance unsold completed properties of RM781 million consisting 40 percent landed and 60 percent high-rise

As of 31 July 2021, the unsold completed properties stood at RM781 million consisting 40 percent landed and 60 percent high-rise properties located mainly in Klang Valley and Johor. During the year, almost RM200 million worth of property stocks were cleared while some completed landed properties were added to the stockpile.

Overseas

(a) Hanoi and Ho Chi Minh, Vietnam

Vietnam's high GDP growth, stable inflation, and better business environment have become key drivers to attract more foreign direct investment (FDI). Recent years witnessed ambitious plans from the Vietnamese government to expand and upgrade existing transportation infrastructure system resulting in the growth of new urban areas as former rural areas become easily accessible. This augurs well for both Hanoi and Ho Chi Minh, driving demand for thoughtfully planned green developments such as Celadon City and Gamuda City.

Sales from Gamuda City in Hanoi and Celadon City in Ho Chi Minh, continued to be the biggest contributor of overseas sales. Taking advantage of Vietnam's relaxed rules that enable foreigners to buy up to 30 percent of the units in new residential project, sales efforts targeting investors from Hong Kong has produced good results for both projects in Vietnam.

Gamuda City's outlook will be fuelled by the upcoming commercial development in Gamuda City Central, located next to the established Yen So Park. These include shop offices and a shopping mall targeted for launch in 2022 and is expected to appeal to surrounding communities, enhancing the value of future residential developments in Gamuda City Central.

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PROPERTY DEVELOPMENT (CONT'D.)

(a) Hanoi and Ho Chi Minh, Vietnam (cont'd.)

Having matured over the years with lush greenery and vast central park for communities to thrive, Celadon City has carved out a name for itself in Ho Chi Minh City, becoming a sought-after development with a reputation for delivering not only on quality; but one that enhances quality of lifestyle as well. Its recent apartment launches recorded 98 percent units sold while The Glen condo villas unveiled in April 2021 were fully sold during launch. Celadon City will be focusing its sales efforts in clearing remaining units as well as next phase launch of Diamond Centery precinct.

In the upcoming years, Gamuda Land intends to continue its strong growth trajectory in Vietnam, with its strategic acquisition of 13.8 acres land parcel in Binh Duong New City, 2,600 acres integrated township set to be the administrative centre of the nation's affluent Binh Duong province. The project is set for launch in Q3 2022, concurrent with other high-profile developments such as the World Trade Center Gateway and Aeon Mall, kickstarting the commercial pulse of the area as an integrated hub for international trade, industry and more, which is expected to contribute to the Group earnings over the next five years.

(b) Singapore

On the heels of our successful maiden project, GEM Residences, a Green Mark-certified condominium that was fully sold in 2016; we launched OLÁ, the 548-unit executive condominium with a GDV of SGD660 million at Anchorvale Crescent in Singapore. With OLÁ's strategic location coupled with first-rate connectivity, we achieved 93 percent sales valued at SGD610 million since its launch mid-Mar 2020. OLÁ is expected to be completed in 2023.

(c) Melbourne, Australia

Sales at 661 Chapel St. in Melbourne, Australia continues with increasing interest from local Australian buyers. Despite the city being in lockdown since mid-July, property prices have continued to grow in Melbourne, albeit at a slower pace. Major banks in Australia (Westpac, CBA, NAB, ANZ) are bullish on property prices in Melbourne, ranging from eight percent to 16 percent in 2021 and from six percent to 19 percent in 2022.

Malaysia

Local projects contributed one-third of overall sales. Gamuda Land Lifestyle Mobile app, the Virtual Experience Gallery and the Gamuda Land Online Property Deals website have proven to be effective sales tools to complement in-person sales experiences amid movement control restrictions.

As the pandemic shifts homebuyers' focus towards developments surrounded by nature and a healthy environment, it is anticipated that Gamuda Gardens' placemaking centred around the lush 50 acres central park with two waterfalls and five cascading lakes will attract good footfall to the development resulting in good sales take up.

Sales in twentyfive.7 has picked up on the back of ongoing enhancements undertaken in the project including overall aesthetics and landscaping to increase the development's appeal. Quayside Mall, being the only shopping mall within a 10km radius of Kota Kemuning continued to attract surrounding community to the development during the various movement control phases.

Gamuda Cove's Enso Woods has also seen strong demand from homebuyers' for its affordability. Enso Woods was designed to cater to post-pandemic living with a Japanese-minimalist interior layout featuring open layout and ample natural lighting. Gamuda Cove's prospect will also be driven by the impending launch of Splashmania rainforest themed park, located next to Townsquare, the commercial centre of the township. Supported by various eco-tourism activities in Paya Indah Discovery Wetlands, Discovery Park and the upcoming 90 acres Forest Park, the outlook for Gamuda Cove augurs well.

Mature developments including Horizon Hills and Jade Hills have launched products that cater to their respective homebuyers' profile. These include semi-detached products as well as superlink homes which are the largest contributor of sales in both projects. Sales in Horizon Hills is driven by its link houses and semi-detached products in the Woodlands Precinct, while 18 Enclave semi-detached units in Jade Hills is already 75 percent sold with limited units available in Rymba Gardens which is slated for completion in Q1 2023.

Ongoing projects are:

- Gamuda Cove in Southern Klang Valley
- Kundang Estates in Sungai Buloh
- Bukit Bantayan Residences in Kota Kinabalu
- twentyfive.7 in Kota Kemuning
- Jade Hills in Kajang
- Horizon Hills in Iskandar Puteri, Johor
- Gamuda Gardens in Sungai Buloh
- HighPark Suites in Petaling Jaya

WATER AND EXPRESSWAY

The concession division's earnings declined 28 percent due to lower traffic plying the Group's four expressways as more lockdowns were imposed in Malaysia this year as COVID-19 cases surged. At the time of writing this statement, the traffic volume is recovering strongly to pre-MCO level. Gamuda Water's essential water services continued unimpeded.

(a) Expressway

Traffic volume recovering strongly to pre-MCO level after movement restriction was lifted.

Traffic plying the four highways declined this year due to the various movement restrictions imposed in the Klang Valley. However, as of 16 October 2021, the traffic volume is recovering strongly to pre-MCO level as movement restrictions were lifted.

	Measured as % of traffic pre-MCO 1.0 level (Mar 2020)	
	End July 2021	As of 16 Oct 2021
LITRAK	60%	93%
KESAS	58%	84%
SPRINT	24%	77%
SMART	12%	63%

(b) Water

The operations and maintenance of the Sungai Selangor Water Treatment Plant Phase 3 undertaken by Gamuda Water was going on smoothly.

WATER AND EXPRESSWAY: NET PROFIT

RM163 MILLION
DECREASE OF 28%