

Gamuda Berhad

ANNUAL GENERAL MEETING

8 December 2020

QUESTIONS RAISED BY MINORITY SHAREHOLDERS WATCH GROUP (MSWG) FY2020

Operational & Financial Matters - 7 questions

Corporate Governance – 3 questions

Operational & Financial Matters

Question 1 : Covid-19 Pandemic

To what extent has the pandemic impacted Gamuda's operations and financial position in FY2021?

Answer

a) New operational capabilities in the face of Covid-19

Established a dedicated Covid-19 task force to put in place rigorous control measures to minimise work disruptions and ensure the health and safety of our employees and public.

The measures include:

- Regular testing, tracing, isolating and quarantine strategies
- Building new CLQs and reconfiguring existing ones to reduce densities and segregate workers into smaller groups
- Digital tools track workers movement and facilitate effective contact tracing
- set up in-house PCR lab facility

Question 1 : Covid-19 Pandemic

Answer (cont'd)

b) Impact to financial position of FY2021:

- **Productivity at all construction and property projects are returning to pre-MCO level.**
- **Overseas property market remains robust especially Vietnam, which is forecast to be one of the fastest-growing economies in Southeast Asia. Overseas sales representing 2/3 of the overall property sales.**
- **Contribution from highway concessions are dependent on the recovery of traffic volume which is sensitive to movement restrictions.**
- **The water division which is an essential service remained unaffected throughout the MCO and post MCO periods.**

Question 2 : Financial Performance

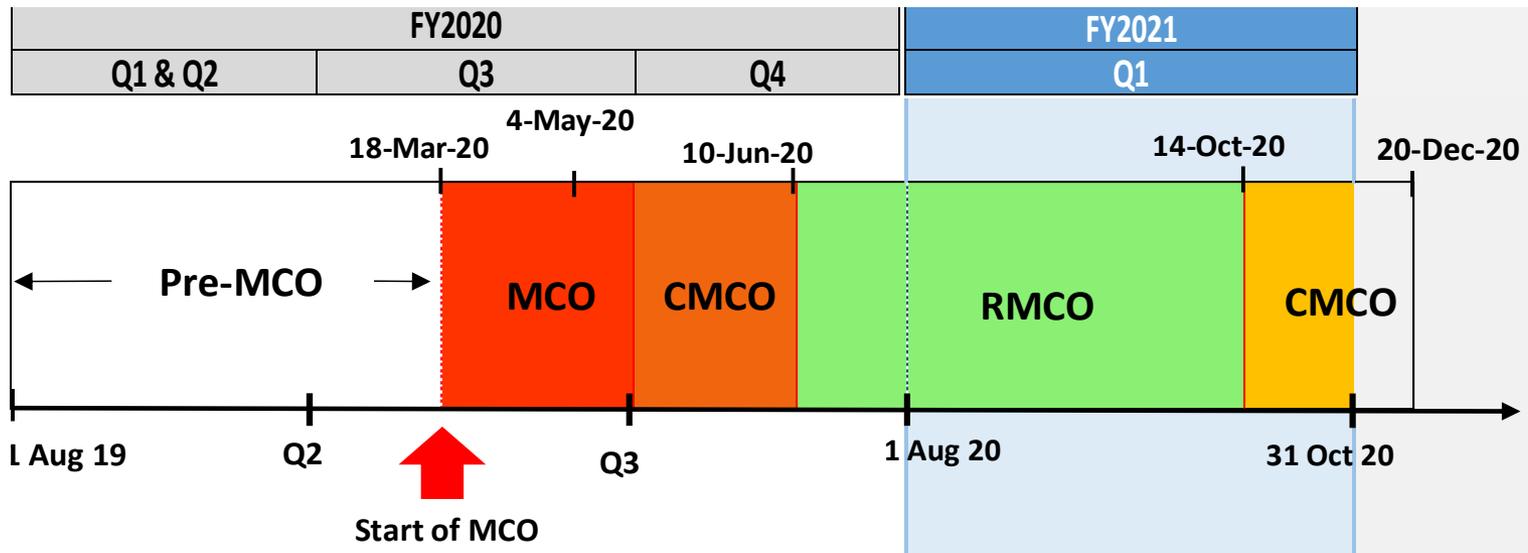
RM'million	Financial Year Ended July				
	2020	2019 (Restated)	2018 (Restated)	2017	2016
FINANCIAL RESULT					
Core net profit	520	700	832	700	626

(Page 31 of the Annual Report 2020)

In FY2020, Gamuda recorded the lowest core net profit since FY2016.

Answer

MCO eclipsed half of FY2020 which led to lowest core profit since FY2016.



How does the Board plan to address the Group's deteriorating core net profit, moving forward?

Answer

- **With stringent SOPs at all project sites, the current projects in hand are expected to complete on schedule.**
- **Gamuda's 60% owned SRS Consortium Sdn Bhd is the PDP to manage and deliver the PTMP. The major components of Phase 1 are Reclamation Works (Penang South Reclamation - Island A), Light Rail Transit (LRT) and Pan Island Link. The reclamation work is targeted to commence in Q1 2021.**
- **Gamuda to continue to pursue prospective projects:**
 - **Projects as announced in Budget 2021 eg MRT 3 and KL-Singapore High Speed Rail (HSR)**
 - **Overseas market especially Australia**

Question 3 :

The construction division will remain resilient for the next two years with a secured order book of RM7 billion (Page 22 of the Annual Report 2020).

What is the targeted order book replenishment in the next two financial years?

Answer

Malaysia

- **The Government in Budget 2021 allocated RM15 billion for transportation infrastructure. Gamuda to continue pursuing for MRT 3, KL-Singapore High Speed Rail (HSR) and other Pan Borneo Highway packages to replenish the orderbook.**

Question 3 :

Answer (cont'd)

Australia

- **Gamuda Australia set up is well established and expected to contribute positively. We are actively bidding for over AUD10 billion worth of projects in New South Wales, Victoria, Queensland and Western Australia.**
- **Two Gamuda joint ventures have been successfully shortlisted and is approved to tender for 2 projects in Sydney – the M6 Motorway, and the Metro West tunnel projects.**
- **The outcomes of these tenders are expected in 2021. Expected good winning chance for Sydney Metro West as Gamuda is one of the 3 tenderers qualified to bid for 2 packages of the work.**

Question 4 :

The Group's expertise in highway, railway and underground construction have put it on a sound footing for infrastructure project tenders in Australia. The Group is actively bidding for over AUD10 billion worth of projects in New South Wales, Victoria, Queensland and Western Australia (Page 15 of the Annual Report 2020).

a) What are the types of projects that the Group is actively bidding in Australia?

Answer

We are actively bidding MRT type projects in Australia and also, a few major road tunnels. The bids are undertaken via joint venture with local partners.

Question 4 :

- b) What is the contract value expected to be awarded to the Group?**
- c) In terms of bidding for projects, what has been the Group's success rate?**

Answer

In Australia, we started bidding for work this year, and awarding of projects would not be announced until mid-2021. The contract value for each package of work is around RM6 billion, with Gamuda's share at around 50%. We hope to win at least one of these packages in 2021.

Question 5 : On-going projects

- a) **What is the current progress of the Group's existing projects? Are the projects on track to be completed within the stipulated timeframe?**

Answer

The progress as of October 2020:

a) MRT 2 (MRT Putrajaya line) – Elevated Works Package	87%
b) MRT 2 (MRT Putrajaya line) – Underground Works Package	82%
c) Pan Borneo Highway – WPC 04, Sarawak	57%
d) Second Trunk Road – Batang Lupar Bridge, Sarawak	2%
e) Marine Bridge, Taiwan	29%
f) Seawall Reclamation, Taipei Port, Taiwan	3%
g) Gali Batu Bus Depot, Singapore	5%

These projects are expected to complete on schedule.

Question 5 : On-going projects

b) Are any of the Group's current projects facing cost overruns or other issues? If so, what is Gamuda's strategy to manage the issues?

Answer

All projects are on track to complete within budget without cost overrun

Question 6 : Property Development

a) Unsold Completed Properties

As disclosed on page 24 of the Annual Report 2020, the Group's unsold completed properties stood at RM853 million in FY2020 (FY2019: RM697 million).

How will the Group plan to clear the existing unsold completed properties in the next two financial years?

Answer

- Majority of the RM853 million unsold properties are high-rise (89%) and balance are landed (11%).
- Actions to clear unsold completed properties:
 - Rent-to-Own Scheme “Maybank Houzkey”
 - Assist with customers’ differential sum
 - Leverage on current customer database using loyalty programme incentive
 - Enhance customer buying experience with Gamuda Land Virtual Gallery.

Question 6 : Property Development

- b) What is the current take-up rates for Horizon Hills, Jade Hills, Gamuda Gardens, twentyfive.7, and Gamuda Cove projects? What is the targeted take-up rates for FY2021?

Answer

Projects	FY2020 Take-up rate
Horizon Hills	68%
Jade Hills	70%
Gamuda Gardens	41%
twentyfive.7	49%
Gamuda Cove	28%

New launches in FY2021 to meet targeted sections of the market and we aim to achieve a good take up rate.

Question 7 :

As Gamuda contends with the industry headwinds, it must further leverage on digital technologies such as analytics and artificial intelligence to drive productivity and maximise profit. (Page 12 of the Annual Report 2020).

a) What is the budget requirement for Gamuda to further leverage on the digital technologies in the next two financial years?

Answer

	Focus Area	Purpose	Forecast FY2021 - FY2022 RM 'mil
1.	Digital Construction Technology	<ul style="list-style-type: none"> Cloud-based electronic document & drawing management Cloud-based mobile field records – replace pen & paper 	5
2.	Digital Engineering	<ul style="list-style-type: none"> Building Information Management (BIM) for more efficient planning, design, project management & construction 	5
3.	Digital Procurement & Enterprise Resource Planning	<ul style="list-style-type: none"> Modernise the core backend financial & accounting (ERP) systems Digital procurement for better sourcing capabilities, governance & cost savings 	28
4.	Customer Experience & Digital Marketing	<ul style="list-style-type: none"> Enhancing customer experience to improve customer acquisition, better customer retention and drive improved sales 	10
5.	IT Infrastructure & Cybersecurity	<ul style="list-style-type: none"> To cater for remote work, improved resilience, recovery & protection of our digital assets 	32
	TOTAL		80

Question 7 :

b) How can the Group's profit be maximised via digital technologies?

Answer

We have many examples that we wish to illustrate:

- **Firstly, our autonomous tunnel boring machines are a testimony of advanced digital and AI engineering. We have received several prestigious international awards.**
- **Next, our extensive use of Building Information Modelling ('BIM') where we rely on both digital and cloud infrastructure to achieve exponential gains in productivity of planning and site management, and substantially reduce rework and waste.**
- **Our digital procurement enables transparent and equal opportunity sourcing of materials and services to improve efficiency, governance and to maximise savings**
- **With our next generation cloud Enterprise Resource Planning (ERP) platform, it will make timely, accurate data and analysis available for informed decision-making, spotting opportunities for innovation and cost reduction. Further, with data analytics, it can assist in making better decisions, better customer engagement and ability to grow sales**

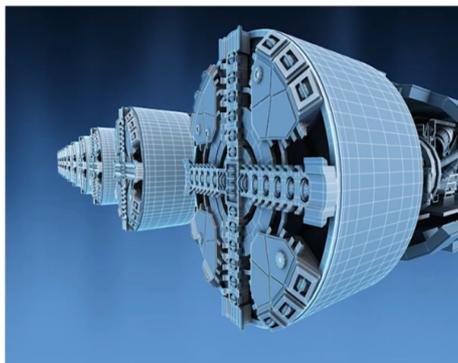
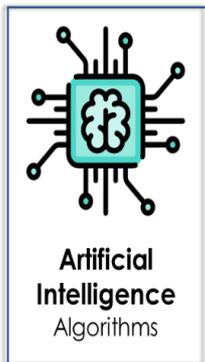
Continuous Innovation of our Tunnel Boring Machines

Latest: Autonomous TBM



2019 – Autonomous TBM with AI Technology

Using data from sensors, fed into algorithms to automate TBM operations, and safely navigating the highly varied ground conditions. High automation, less reliance on human operators.

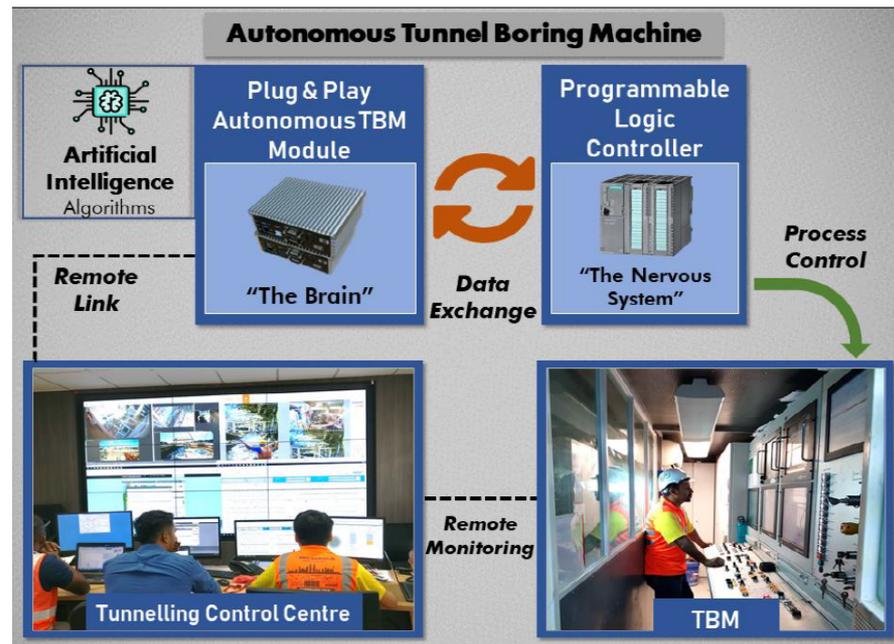


- Auto Steering
- Auto Advance
- Auto Excavation
- Auto Slurry

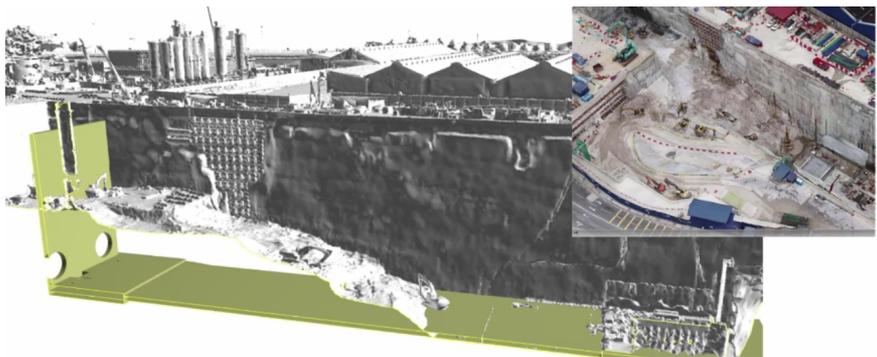


Technical Innovation of the Year 2019 for Autonomous TBM

ITA TUNNELLING AWARDS 2019



Multiple external sensors measuring hundreds of parameters work with an AI brain to process huge volume of data, which then make key operational decisions in 'driving' the TBM



Drones – BIM & GIS

Automated site surveying & cloud computing enables rich data collection for BIM models.



- Drones equipped with imaging sensors acquire large volumes of data with extraordinary speed & accuracy, which are then processed and shared on the cloud for multiple BIM & GIS users and applied seamlessly from survey to design and project management.
- The photogrammetrically derived 3D models enables our designers, site team & management working & collaborating on a common platform.

- Reinventing Surveying
- Integrating BIM for planning
- Distributing data through GIS Cloud platform
- Safeguarding Health & Safety

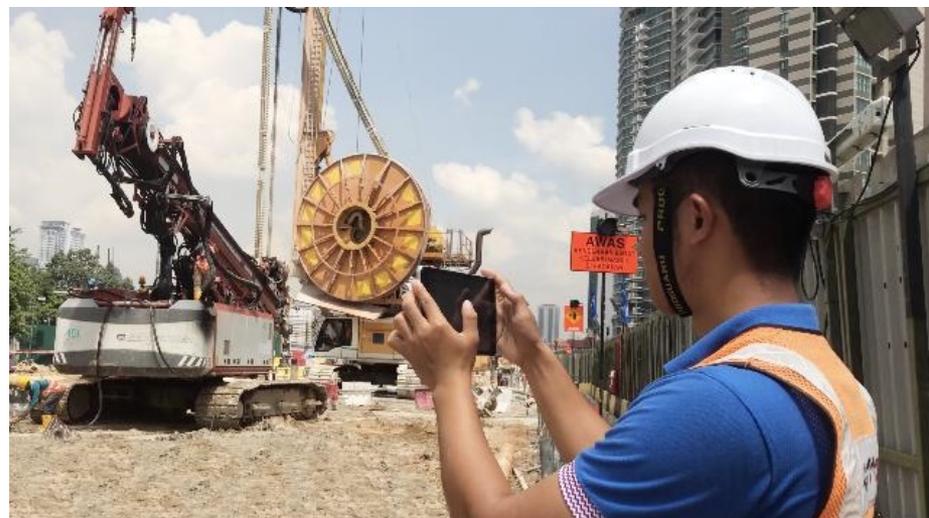


Digital Engineering

Utilising cloud-based digital tools. Insights from data augments execution for design, procurement, project management & site activities.

- **Data from digital twins, created with BIM improves construction & project management outcomes.**
- Site operations enabled with mobile solutions to achieve high levels of automation.
- Design and field data powered by modern ERP system to achieve optimum procurement with improved back office & finance automation.
- Data-driven planning, operations, control and monitoring to manage efficient use of resources and manage project margins in real-time.

- Building Information Modelling (BIM)
- Augmented/Virtual/Mixed Reality
- Common Data Environment (Viewpoint)
- Mobile Digital Platform (Fieldview)
- Digital Procurement (SAP Ariba)



Question 1 :

As disclosed on Page 148 of Annual Report 2020, the amount paid for non-audit services provided by the Auditors amounted to RM1,079,000. This was 73% of the audit fees of RM1,478,000 in FY2020.

The Group's non-audit fees incurred were mainly in relation to the provision of (i) Company taxation services and tax advisory, (ii) sustainability reporting services and (iii) advisory services on proposed sale of toll highways.

a) What is the amount paid to the Auditors for each of the abovementioned services?

Question 1 :

Answer

Group	2020	2019	
Non-Audit fee	RM'000	RM'000	Remarks
<u>New</u>			
Advisory services on proposed sale of toll highways	325	-	Following the proposed offers from Ministry of Finance for the Group's four highways.
Sustainability reporting services	319	-	The sustainability report is prepared in line with the Global Reporting Initiatives (GRI) standards and aligns to the statutory listing requirements prescribed by Bursa Malaysia.
Company taxation services and tax advisory	208	-	New investment and transfer pricing documentation
Advisory on internal audit matters	74	-	Review of internal audit functions
<u>Existing</u>	153	146	Other tax and accounting works
	1,079	146	

Note: The new undertakings have resulted in the increase of the non-audit fee during the year.

Question 1 :

b) What is the Company's policy in relation to non-audit fees and audit fees?

Answer

The Company's policy is to comply with the relevant rules set by the governing body - Malaysian Institute of Accountants under By-Laws (On Professional Ethics, Conduct and Practice) which ensures auditor independence is not compromised.

Question 2 :

Practice 5.1 of Malaysia Code on Corporate Governance (MCCG) states that "For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations".

The Company in its Corporate Governance Report has stated that it has applied Practice 5.1 of MCCG. Based on the Gamuda's explanation on the application of Practice 5.1 (Pages 33-34 of the Corporate Governance Report), the Company has not applied the Practice as the Board has not engaged independent experts periodically to facilitate objective and candid board evaluations.

Does the Board intend to engage such independent experts periodically in the future? If so, when is the next such engagement?

Answer

- **The Company has undertaken a formal and objective annual evaluation for the financial year ended 31 July 2020 to determine the effectiveness of the Board as a whole and its Committees. These annual evaluations were conducted internally via the Nomination Committee and supported by the Company Secretaries.**
- **In line with the recommendation of the MCCG, an independent external expert is to be engaged to review and facilitate the Board evaluation of the Company for the current financial ending 31 July 2021.**
- **However, given current challenging economic and social conditions as a result of the COVID-19 pandemic, the Board will review the cost of engaging external independent experts in the current financial year ending 31 July 2021 as the Company needs to conserve its resources for its operations, COVID-19 related expenses and/or new projects. If deemed necessary, this cost may be deferred to the next financial year ending 2022.**
- **The Board will continue to evaluate the engagement of independent expert periodically.**

Question 3 :

The Company in its Corporate Governance Report for FY2020 (Page 57) states that it has applied Practice I0.2 of MCCG.

The Company has not applied Practice I0.2 of MCCG, as there is no disclosure of the name and qualification of the person responsible for internal audit in the Corporate Governance Report/Annual Report 2020.

Answer

We took note of the above disclosure requirement. The Head of Internal Audit of Gamuda Berhad is Mr. Wong Siew Ping who is a Chartered Accountant by profession.

Gamuda Berhad

ANNUAL GENERAL MEETING

8 December 2020

*Pre-Submitted Questions received from
Shareholders up to 6 December 2020*

(A) Door gift/ eVoucher/ eWallet	
(1)	Although CMCO is still on, may I suggest the Board to consider as a token of appreciation, rewarding shareholders with eVouchers or eWallet like Touch n go Reload pins which can be purchased & email to us. TQ
(2)	Hi Mr. Chairman and the Board. Good day. Appreciate you all can give us eWallet or evoucher for us to tide over Covid storm. Thank you and God bless
	<p data-bbox="222 496 794 536"><u>Response to Question 1 & 2</u></p> <ul data-bbox="222 554 1827 1239" style="list-style-type: none"> <li data-bbox="222 554 1827 753">• Under our Administrative Details in page 372 of the Annual Report, we have informed that there will be NO door gift or lunch pack for Members or proxies who participate at the 44th AGM of the Company since the 44th AGM will be conducted on a fully virtual basis. <li data-bbox="222 768 1827 968">• This is also consistent with market practice where door gifts or vouchers are not given for participation at virtual AGM in light of the uncertainties that continue to affect businesses globally and in Malaysia, including Gamuda. <li data-bbox="222 982 1827 1139">• In light of the circumstances we currently find ourselves in, we have decided this year to conserve the Company's funds for its operations and COVID-19 related expenses. <li data-bbox="222 1153 1827 1239">• The Board would like to thank all its Members for their kind co-operation and understanding on this matter.

(B)	Financial
(1)	Impact of COVID-19 on Gamuda <u>Our response</u> The question is similar to Minority Shareholders Watch Group (MSWG)'s Question 1 as presented earlier.

(C) Operations

(1) Time is bad. Only landed property can sell all. If condo, build only with bare finishes. Nobody wants to use facilities now. Risky and costly. Can reduce maintenance fees?

Our response

- Maintenance fees are for the purpose of maintaining and upkeeping of the building and its common facilities.
- The JMB is empowered by law to revise the charges, be it higher or lower according to their desired level of service or needs. The facilities provided in our high-rise developments in itself does not have a major impact on the maintenance fees. They average anywhere between 1% - 2% from the total building expenses.
- The bulk of the maintenance fees goes to the hiring of security guards, cleaners, as well as meeting the building energy expenses.
- While the JMB may decide to reduce some of the manpower to bring down the maintenance fees, they will have to strike a balance between reducing the maintenance fees and compromising on the service level.

(2) **Will Gamuda consistently benefit from Quayside mall's rental fees and car park fees? What is the percentage of occupancy of Quayside mall by now? How long will it take to fully occupied?**

Our response

- **Quayside Mall is designed as neighbourhood mall to curate lifestyle convenience to the local community. The Mall can do better compared with the city malls as it doesn't depend on foreign tourists. The Mall is anchored by reputable and established tenants i.e. Jaya Grocer, Harvey Norman, etc. In addition, this mall is a purposed built sizable mall within 10km radius and there are more than hundred thousand population catchment within 5km radius, which is still growing.**
- **As for now, the occupancy is 82% based on the signed deals. We anticipate full occupancy by end 2021.**

- (3) (a) Update status of the sewerage problems faced by Ambang Botanic 1, the upgrade or rectification work has it been completed? When was the commissioning date after the rectification work?

Our response

- Stage 1 vacuum sewerage rehabilitation works are completed and commissioned on 17th June 2020 for Ambang Botanic.
- Stage 2 rectification works details and target commencement date is expected to be informed by Suruhanjaya Perkhidmatan Air Negara (SPAN) by January 2021.

- (b) Gamuda landed property development - for strata property administrative office is part of the development, but for guarded and gated development no administrative office included as part of the development, why? After hand over by the developer, owners were made to look for administrative office.

Our response

We have taken note of this in all our new and upcoming projects, where an office will be provided to serve as a management office in that development. In the case of Ambang Botanic 1, our township team did facilitate and provided the necessary resources and support to the Residents Association during the transition period.

- (4) (a) Ambang Botanic 2, developer to hand over to owners (RA) to take over the management of the gated and guarded property. Admin office in a shop lot is not part of the gated development, caused a lot of problems to owners.**

Our response

Our township office has been operating outside of Ambang Botanic 2 since the delivery of vacant possession and is also situated in the same commercial square where the Residents Association will be based thus, we do not foresee any major impact or inconvenience to the residents. Furthermore, majority of our engagements and transactions with the owners and residents are also carried out via email, phone and online banking services.

- (b) Gamuda should plan to incorporate the admin office as part of the gated and guarded development. Why promote new development in such a grand manner at the end of the day owners unable to get good admin office. Whereas for strata property, the admin office is included.**

Our response

As per our response to item 3(b) above, all future developments will have a dedicated management office.

(5) (a) What is the current property landbank of the Company? What is the area in Malaysia and the area overseas?

(b) What is the estimated GDV for this landbank?

Our response

- **Gamuda Bhd, through its property arm Gamuda Land, has balance land of 3,000 acres with a total gross development value (GDV) of RM58b.**
- **90% of lands is in Malaysia (majority in Greater Klang Valley represented by projects in Gamuda Cove, Gamuda Gardens, twentyfive.7 and Jade Hills, and in Horizon Hills, Johor) generating 80% of the total GDV.**
- **The balance lands are Overseas (majority in Vietnam).**

(c) What are the new projects that the Company is planning for 2021?

Our response

For financial year 2021, we have launched so far 2 new landed homes in Gamuda Gardens, i.e. Illaria and Jade Homes, Blossom Spring. We will have few more commercial and residential launches in our major townships in Malaysia from Dec 2020 onwards.