



**MINUTES OF THE FORTY-FIRST (“41<sup>ST</sup>”) ANNUAL GENERAL MEETING (“AGM”) OF GAMUDA BERHAD (COMPANY NO. 29579-T) (“GAMUDA” OR THE “COMPANY”) HELD AT THE PERMAI ROOM, KOTA PERMAI GOLF & COUNTRY CLUB, NO. 1, JALAN 31/100A, KOTA KEMUNING, SECTION 31, 40460 SHAH ALAM, SELANGOR DARUL EHSAN ON THURSDAY, 7 DECEMBER 2017 AT 10.00 A.M.**

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**PRESENT** : Y.Bhg. Dato’ Mohammed Hussein  
(Chairman)

Y.Bhg. Dato’ Lin Yun Ling  
(Group Managing Director)

Y.Bhg. Dato’ Ir. Ha Tiing Tai  
(Deputy Group Managing Director)

Y.T.M. Raja Dato’ Seri Eleena binti  
Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah  
(Non-Independent Non-Executive Director)

Y.Bhg. Dato’ Goon Heng Wah  
(Executive Director)

Mr. Saw Wah Theng  
(Executive Director)

Y.M. Tunku Afwida binti Tunku A.Malek  
(Independent Non-Executive Director)

Puan Nazli binti Mohd Khir Johari  
(Independent Non-Executive Director)

Two Hundred and Nine (209) Members,  
Ninety Eight Proxies (including Chairman) and  
One (1) Corporate Representative,  
holding 1,558,237,535 Ordinary Shares representing 63.46%,  
As per Attendance List (based on Headcounts)

**ABSENT WITH APOLOGIES** : Y.Bhg. Dato’ Haji Azmi bin Mat Nor  
(Executive Director)

**BY INVITATION** : Mr. Ngan Chee Meng  
(Chief Operating Officer, Gamuda Land Sdn Bhd)

Mr. Terence Tan  
(Representatives from Messrs Ernst & Young)

Mr. Lim Eng Hoe  
(Representatives from Messrs Ernst & Young)

**IN ATTENDANCE** : Ms. Lim Soo Lye  
(Company Secretary)

Ms. Jasmine Pang Siok Tieng  
(Company Secretary)

## **1. CHAIRMAN**

Y. Bhg. Dato' Mohammed Hussein, the Chairman of the Board of Directors ("Board") of the Company chaired the 41<sup>st</sup> AGM of the Company pursuant to Clause 72 of the Constitution of the Company.

## **2. QUORUM**

The requisite quorum being present pursuant to Clause 70 of the Constitution of the Company, the Chairman declared the 41<sup>st</sup> AGM duly convened at 10.02 a.m.

## **3. NOTICE**

The Notice convening the 41<sup>st</sup> AGM together with the CD-Rom containing the Annual Report 2017 and the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-back Authority, all dated 9 November 2017 were taken as read.

## **4. WELCOME ADDRESS**

The Chairman welcomed and thanked the members of the Company ("Members") and the proxies for attending the 41<sup>st</sup> AGM of the Company.

Before beginning the proceedings, the Chairman reminded the Members to observe the following house rules: -

- Mobile phones are required to be switched to silent mode;
- Members (present in person or represented by proxies or corporate representative) should use the microphones if they have any questions to raise; and
- Members (present in person or represented by proxies or corporate representatives) are required to state their full names and whether they are a shareholder or a proxy as well as their shareholdings before proceeding with their questions.

## **5. INTRODUCTION OF DIRECTORS**

The Chairman introduced each member of the Board as well as the Company Secretary who were in attendance.



## **6. PRELIMINARY**

### **(a) Poll Voting**

The Chairman informed the Members that all resolutions set out in the Notice of AGM dated 9 November 2017 would be put to vote by poll, as stated in Note 2(g) of the said Notice pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Chairman further informed the Members that the Company had appointed Insurban Corporate Services Sdn Bhd (“Insurban”) as the Poll Administrator to conduct the electronic live poll voting whilst Leou PLT (“Scrutineers”) is the Independent Scrutineers appointed to verify the poll vote results.

Upon the invitation of the Chairman, Ms Leou Zia Zia of Insurban, the Poll Administrator explained the procedures for the conduct of the electronic live poll voting using wireless handheld e-voting device. The said device has been assigned and paired based on the shareholder’s registration records upon entering the meeting room. However, no voting device would be given to proxies if the shareholders that they represented have already pre-voted in their proxy forms. For such cases, only a red tag will be given instead of the voting device upon entering the meeting room.

For purposes of helping shareholders familiarised with the voting device, a mock resolution was also conducted by Insurban.

### **(b) Company Presentation**

At this juncture, the Chairman informed that the Company has prepared the two presentations to address the matters raised in the following letters received by the Company: -

- (i) A letter dated 30 November 2017 from the Minority Shareholders Watchdog Group (“MSWG”); and
- (ii) A letter dated 5 December 2017 from the Bandar Botanic Residents Association.

Upon the invitation of the Chairman, the Finance Director, Mr. Saw Wah Theng presented the responses by the Company to the questions raised by the MSWG vide their letter dated 30 November 2017.

MSWG’s questions and the answers from the Company were simultaneously displayed on screen in the meeting hall (copy enclosed as “Appendix I”).

Thereafter, Mr. Saw proceeded with his presentation on the Operations Review and Business Outlook of the Group for the financial year under review which covered the following: -

- (i) The Group's operations review, which included financial performance analysis, statement of financial position and highlights of financial year 2017; and
- (ii) The business outlook of the core businesses of the Company, namely Construction, Property and Concession;

Once Mr. Saw has completed his presentation, the Chairman then invited Mr. Ngan Chee Meng, the Chief Operating Officer of Gamuda Land Sdn Bhd to present the update on the Bandar Botanic sewage system.

The salient information of the presentation are as follows: -

- (i) The estimated timeframe to complete the remedial works is three years, as agreed between Gamuda Land (Botanic) Sdn Bhd ("GL Botanic"), Indah Water Konsortium Sdn Bhd and National Water Services Commission ("SPAN").
- (ii) The methodology for the remedial works i.e. rehabilitation or gravity or combination shall be decided by SPAN.
- (iii) GL Botanic has agreed to contribute to the cost for the remedial works

The Chairman thanked Mr. Saw and Mr. Ngan for their presentations and proceeded to invite the Members to raise questions, if any, before commencing with the first agenda for the 41<sup>st</sup> AGM.

All questions raised were responded by the Chairman, Y.Bhg. Dato' Lin Yun Ling and Mr. Saw Wah Theng accordingly. The details of the pertinent questions raised and the Company responses are set out in "Appendix II",

There being no further questions from the Members of the Company, the Chairman proceeded to the first agenda of the 41<sup>st</sup> AGM.

## **7. MATTERS TABLED**

### **(a) Audited Financial Statements of the Group and Company for the Financial Year Ended 31 July 2017 together with the Reports of the Directors and Auditors thereon ("Audited Financial Statements")**

The Chairman informed the Members that the first agenda for the 41<sup>st</sup> AGM is to receive the Audited Financial Statements.



Under Section 340 (1)(a) of the Companies Act 2016, the Audited Financial Statements which have been approved by the Board and audited by its external auditors are only required to be laid before the Company at its AGM.

Since all questions by shareholders have been raised earlier after the Company presentation, the Audited Financial Statements were duly received by the shareholders of the Company.

**(b) Directors' Fees**

The Chairman then moved on to table **Resolution 1** whereby shareholders' approval was sought on the payment of Directors' fees amounting to RM550,000/- only for the financial year ended 31 July 2017.

The Chairman informed the shareholders as follows: -

- (i) The details of the fees payable to each individual Non-Executive Directors of the Company are as set out on page 221 of the Financial Statements section in the Annual Report 2017.
- (ii) Evaluation of Directors' fees is perform once a year by the Remuneration Committee.
- (iii) The Directors' fees are in respect of the Non-Executive Directors' memberships in Board and Audit Committee.
- (iv) The Remuneration Committee has considered the quantum of the Directors' fees and had recommended that the Directors' fees of the Non-Executive Directors (save for the Chairman's fees which remain unchanged) in respect of their memberships in Board be increased from RM95,000/- per annum to RM105,000/- per annum.

There being no questions, the Chairman put **Resolution 1** to vote and the poll results are as follows: -

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	No. of Shares
<b>Ordinary Resolution 1</b>	<b>1,558,232,534</b>	<b>99.9971</b>	<b>44.801</b>	<b>0.0029</b>	<b>3,770,100</b>

It was **resolved** as follows: -

**“THAT the Directors' Fees amounting to RM550,000/- only in respect of the financial year ended 31 July 2017, as recommended by the Board, be and is hereby approved with immediate effect.”**

**(c) Payment of Directors' Benefits  
(Excluding Directors' Fees)**

The Chairman informed the Members that Agenda 3 is to seek shareholders' approval for the payment of Directors' benefits which excludes Directors' fees since the Directors' fees has been tabled and approved by the shareholders under **Resolution 2**.

The Chairman highlighted that pursuant to Section 230(1) of the new Companies Act 2016 which came into effect on 31 January 2017, the fees of the Directors, and any benefits payable to the Directors of a listed company and its subsidiaries are required to be approved by the shareholders at a general meeting.

Accordingly, Resolution 2 is to authorise the payment of Directors' benefits of up to an amount of RM386,819/-, as and when incurred, to the Non-Executive Directors for the period from 31 January 2017 until the next AGM in 2018.

The Chairman explained that the current Directors' benefits paid/payable to the Non-Executive Directors of the Company comprises meeting allowances and benefits-in-kind of the Company, as follows: -

- Directors' meeting allowances of up to an amount of RM145,000/- only; and
- Directors' benefits-in-kind (i.e. club membership, medical coverage, travel & communication and other claimable benefits) of up to an amount of RM241,819/- only.

The Chairman further clarified that should the amount of Directors' benefits paid exceeds the estimated amount sought at this AGM, shareholders' approval will be sought at the next AGM in 2018.

At this juncture, the Meeting took note of Mr. Jeremy Ting Keng Fui's, a shareholder of the Company comment that the Company should consider displaying the breakdown of the Directors' benefits on the screen for clarity as well as for the benefit of the shareholders at the next AGM.

There being no further questions, the Chairman put **Resolution 2** to vote and the poll results are as follows: -

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	No. of Shares
<b>Ordinary Resolution 2</b>	<b>1,558,187,734</b>	<b>99.9961</b>	<b>61.401</b>	<b>0.0039</b>	<b>3,768,000</b>



It was **resolved** as follows: -

**“THAT the Directors’ benefits (excluding Directors’ fees) up to an amount of RM386,819/-) only paid/payable for the period from 31 January 2017 until the next AGM of the Company to be held in 2018, as recommended by the Board, be and is hereby approved with immediate effect.”**

**(d) Re-Election of Directors in accordance with the Constitution of the Company**

The Chairman informed the Members that Agendas 4 relates to the re-election of the following Company Directors who were retiring in accordance with Clause 95 of the Constitution of the Company and they, being eligible for re-election, have offered themselves for re-election, namely: -

- (i) Y.Bhg. Dato’ Mohammed Hussein (Resolution 3);
- (ii) Y.Bhg. Dato’ Haji Azmi Bin Mat Nor (Resolution 4); and
- (iii) Y.Bhg. Dato’ Goon Heng Wah (Resolution 5).

The profiles of the aforesaid Directors have been provided to the Members on pages 10, 14, and 15 of the Annual Report 2017.

In line with the recommendation of the Malaysian Code on Corporate Governance, the Board has conducted the necessary assessment on the aforesaid Directors standing for re-election. In this respect, the Board has approved the recommendation of its Nomination Committee that the aforesaid Directors are eligible to stand for re-election.

Upon the invitation of the Chairman, the Group Managing Director, Y.Bhg. Dato’ Lin Yun Ling took to the Chair for the purpose of tabling **Resolution 3** to the shareholders of the Company since Resolution 3 relates to the re-election of the Chairman, who retires by rotation pursuant to Clause 95 of the Company’s Constitution and being eligible, has offered himself for re-election.

There being no questions, Y.Bhg. Dato’ Lin put **Resolution 3** to vote and the poll results are as follows: -

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	No. of Shares
<b>Ordinary Resolution 3</b>	<b>1,514,696,904</b>	<b>97.2054</b>	<b>43,546,329</b>	<b>2.7946</b>	<b>3,756,800</b>

It was **resolved** as follows: -

**“THAT Y.Bhg Dato’ Mohammed Hussein, the Director retiring by rotation pursuant to Clause 95 of the Constitution of the Company and being eligible, offered himself for re-election, be and is hereby re-elected as a Director of the Company.”**

The Chairman thanked Y.Bhg. Dato’ Lin and the shareholders on his re-election and proceeded to table **Resolution 4** on the re-election of Y.Bhg. Dato’ Haji Azmi Bin Mat Nor as a Director of the Company to the Members for their consideration and approval.

The Chairman conveyed Y.Bhg. Dato’ Haji Azmi’s apology for not being able to attend this AGM due to a prior overseas business commitment that he was unable to change.

The Meeting noted Mr. Wong Kim Wing’s (the corporate representative of MSWG) comment that it is the policy of MSWG to vote against any resolution on Director’s re-election where the Director seeking for re-election is not present at the AGM.

There being no further questions, the Chairman put **Resolution 4** to vote and the poll results are as follows: -

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	No. of Shares
<b>Ordinary Resolution 4</b>	<b>1,521,954,286</b>	<b>97.6715</b>	<b>36,283,249</b>	<b>2.3285</b>	<b>3,796,300</b>

It was **resolved** as follows: -

**“THAT Y.Bhg Dato’ Haji Azmi Bin Haji Mat Nor, the Director retiring by rotation pursuant to Clause 95 of the Constitution of the Company and being eligible, offered himself for re-election, be and is hereby re-elected as a Director of the Company.”**

At this juncture, Mr. Ng Chee Heng (a proxy holder) enquired on the reliability of the electronic live poll voting using wireless handheld e-voting device in particular the abstain vote function. He further expressed his dissatisfaction on the said system used by Insurban.

The Meeting noted the clarifications given by Ms. Leou Zia Zia from Insurban in respect of an abstention, as follows: -

- An abstention will have the same effect as a “no” vote since it will not be counted as a vote. This is because a member has a right to abstain and cannot be compelled to vote.
- Only ‘for’ and against’ votes are taken into account in deciding the voting results;



- The abstained vote is required to be displayed since Bursa Malaysia Securities Berhad has removed the requirement to disclose the total number of shareholders who abstained from voting for resolution decided by poll in year 2012.

The Chairman assured the Meeting that they will seriously review the poll voting services provided by Insurban for the Company's next AGM.

Notwithstanding that the abstained vote is not required to be displayed, the Chairman informed that the Company will request the Poll Administrator to display the abstained vote at the next AGM.

The Chairman then moved on to table **Resolution 5** on the re-election of Y.Bhg. Dato' Goon Heng Wah as a Director of the Company to the Members for their consideration and approval.

There being no questions, the Chairman put **Resolution 5** to vote and the poll results are as follows: -

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	No. of Shares
<b>Ordinary Resolution 5</b>	<b>1,522,228,386</b>	<b>97.6904</b>	<b>35,989,247</b>	<b>2.3096</b>	<b>3,770,800</b>

It was **resolved** as follows: -

**“THAT Y.Bhg. Dato' Goon Heng Wah, the Director retiring by rotation pursuant to Clause 95 of the Constitution of the Company and being eligible, offered himself for re-election, be and is hereby re-elected as a Director of the Company.”**

**(e) Re-Appointment of Messrs Ernst & Young as Auditors of the Company**

The Chairman informed that Agenda 5 relates to the re-appointment of Messrs. Ernst & Young (“EY”) as Auditors of the Company for the ensuing financial year and to authorise the Company Directors to fix their remuneration.

The Chairman informed that EY had expressed their willingness to continue in office and the Board had endorsed the recommendation by the Audit Committee for EY to be re-appointed as the Auditors of the Company.

The Chairman invited questions from the floor in connection with Resolution 6. As there was no question and/or clarification sought, the Chairman put **Resolution 6** to vote and the poll results are as follows: -

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	No. of Shares
<b>Ordinary Resolution 6</b>	<b>1,526,824,432</b>	<b>98.0834</b>	<b>29,835,501</b>	<b>1.9166</b>	<b>5,318,200</b>

It was **resolved** as follows: -

**“THAT Messrs. Ernst & Young having expressed their willingness to continue in office, be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next AGM of the Company AND THAT the Directors of the Company be and are hereby authorised to fix their remuneration.”**

**(f) Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The Chairman proceeded to the next Agenda which is a Special Business to empower the Company Directors to issue ordinary shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to the Members for their consideration and approval.

The Chairman assured the Members that should there be a decision to issue new shares, the Company would make an announcement accordingly of the actual purpose and utilisation of proceeds. The approval of the relevant authorities would still be required before any share can be issued by the Company.

The Chairman invited questions from the floor in connection with Resolution 7.

Questions raised by Mr. Jeremy Ting Keng Fui, a shareholder was responded by the Chairman accordingly and the said respond is append as “Appendix II” of this minutes.

As there was no further questions and/or clarification sought, the Chairman put **Resolution 7** to vote and the poll results are as follows: -

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	No. of Shares
<b>Ordinary Resolution 7</b>	<b>1,061,265,829</b>	<b>72.1308</b>	<b>410,042,104</b>	<b>27.8692</b>	<b>90,679,600</b>



It was **resolved** as follows: -

**“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised with full powers to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares for the time being of the Company and that such authority shall continue to be in force until the conclusion of the next AGM of the Company AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of, and quotation for the additional shares so issued.”**

**(g) Proposed Renewal of Share Buy-back Authority**

The Chairman informed that the last agenda, which is also a Special Business relates to the proposed renewal of share buy-back authority where the details of the proposal are set out in the Share Buy-Back Statement dated 9 November 2017.

The Chairman reiterated the Board’s opinion as disclosed in the said Share Buy-back Statement that the proposed renewal of share buy-back authority is in the best interest of the Company.

The Chairman invited questions from the floor in connection with **Resolution 8**.

In response to Mr. Jeremy Ting Keng Fui’s enquiry on the necessity of tabling the resolution for the proposed renewal of the share buy-back authority since the Company did not make any purchase of its own ordinary shares during the past financial years, the Chairman informed that the renewal mandate is sought so that the Company has the flexibility to undertake share buy-back as and when the need arises in the interest of the Company.

As there was no further questions and/or clarification sought, the Chairman put **Resolution 8** to vote and the poll results are as follows: -

	For		Against		Abstained
	No. of Shares	%	No. of Shares	%	No. of Shares
<b>Ordinary Resolution 8</b>	1,231,103,133	99.9885	142,000	0.0115	171,082,300

It was **resolved** as follows: -

**“THAT subject to the provisions of the Companies Act 2016, the Constitution of the Company, Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements and the approvals of all relevant government and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company (“Proposed Share Buy-back”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company and an amount not exceeding the retained profits of the Company be and is hereby allocated by the Company for the Proposed Share Buy-back;**

**THAT at the discretion of the Directors, upon such purchase by the Company of its own shares, the purchased shares shall be cancelled and/or retained as treasury shares and subsequently be cancelled and distributed as dividends or resold on Bursa Securities;**

**THAT the Directors be and are hereby empowered to do all acts and things and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as the Directors may deem fit and expedient in order to implement, finalise and give full effect to the Proposed Share Buy-back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by any relevant authorities and/or any amendments, variations and/or modifications in the interest of the Company as may be approved by any relevant authorities if such approvals are required;**

**AND THAT the authority hereby given shall commence immediately upon the passing of this resolution and shall continue to be in force until:**

- i. the conclusion of the next AGM of the Company at which time it will lapse, unless by ordinary resolution passed at the AGM, the authority is renewed either unconditionally or subject to conditions; or**
- ii. the expiration of the period within which the next AGM after that date is required by law to be held; or**
- iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,**



**whichever occurs first, but not so as to prejudice the completion of the purchase of its own shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of Bursa Securities' Main Market Listing Requirements or any other relevant authorities."**

A copy of the poll results in relation to all the resolutions tabled at the AGM prepared by Insurban are enclosed herewith as "Appendix III" together with the Scrutineers' letter confirming verification of the poll results.

**(h) Any Other Business**

The Chairman upon confirmation with the Company Secretary, informed that the Company did not received any notice for transaction of any other business to be transacted at this meeting.

**8. CLOSURE OF MEETING**

There being no other business, the Chairman, on behalf of the Board thanked all present for their attendance at the Meeting and declared the 41<sup>st</sup> AGM duly closed at 11.58 a.m.

**CONFIRMED AS CORRECT RECORDS:**

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**DATO' MOHAMMED HUSSEIN  
CHAIRMAN**

Date

# Gamuda Berhad

## ***QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (MSWG) FY2017***

**ANNUAL GENERAL MEETING**  
*7 December 2017*



# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) FY2017

## Question 1

Could the Board share with shareholders their views/thoughts on the developments pertaining to the property industry and their potential impact to the Group, for instance, the temporary freeze on luxury property developments in Malaysia by the regulator?

Please update on the latest situation and the negative implication to the Group and explain how these policies would impact its operation and financial performance?

## Answer

- Per yesterday’s newspaper report, the Second Finance Minister Datuk Seri Johari Abdul Ghani said the property developers can go ahead with their plans to build offices and malls if they have good justification and subject to Government approval.
- In a separate article, Urban Wellbeing, Housing and Local Government Minister Tan Sri Noh Omar, said approval will be given to housing projects worth more than RM1 million in big cities if they meet requirements set by the Ministry.
- The directive will not significantly impact Gamuda Land. Gamuda Land’s projects are predominantly landed properties emphasizing masterplan, connectivity and infrastructure planning within a township development.

# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) FY2017

## Answer (Cont'd)

- The local property market is expected to stabilise in 2018. Gamuda Land sold RM903 million worth of properties in Q1 FY2018 and is on track to achieve target sales of RM3.5 billion for FY2018 on the back of strong overseas sales and several new local projects launched recently.



# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) FY2017

## Question No. 2

As stated in the Statement from the Group Managing Director that the Group invested in two digitally-integrated Industrialised Building System (IBS) factories.

- (i) Would IBS address or mitigate the labour intensity and related issues in the construction and infrastructure projects of the Group? To what extent has this translated into cost and time savings or optimisation? Please explain how and to what degree has it helped the Group to be more competitive and at the same time enhanced its margin.

## Answer

- Construction of property using our digitally-integrated IBS will reduce labour cost up to 60% and shorten the construction period from 36 to 24 months. This shorter timeframe helps save holding cost. Under a factory controlled environment, raw material wastage will be reduced.

# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) FY2017

(ii) Is there any incentive offered by the government for the adoption of IBS in construction projects?

## Answer

- Deputy Prime Minister, Datuk Seri Dr Ahmad Zahid Hamidi on 25 July 2017, said “the construction industry should be prepared to adopt the industrialised building system (IBS) within three years before it is made mandatory.”
- Furthermore, our IBS investment has been granted tax incentive in the form of double tax deduction on the capital expenditure.

(iii) Does the Group’s IBS involve application of 3D printing for precise customization of components?

## Answer

- Gamuda IBS is not adopting 3D printing in its current production. However, we are in early stage of studying the possibility of adopting 3D printing technology for casting moulds for our concrete pre cast elements.

(iv) What is the maximum capacity of the second digital IBS factory?

## Answer

- The second factory’s capacity is 5,000 property units per year. The combined capacity of factory 1 and factory 2 is 8,000 property units per year.



# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) FY2017

## Question 3

We noted that there was one-off impairment of RM98.5 million due to SMART expressway’s lower-than-expected toll revenue projections going forward.

- (i) Does the Board expect further substantial impairment provisions on the SMART expressway for FY 2018?

### Answer

- **No. That was a one-off provision. Traffic numbers have since stabilised.**

- (ii) Is the SMART expressway expected to turnaround in FY 2018 and going forward? If yes, what would be the key factors?

### Answer

- **We do not discount the possibility of a turnaround in traffic over the medium to long term, after the completion of Tun Razak Exchange and Bandar Malaysia developments, both of which have direct access to the SMART tunnel.**

# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) FY2017

## Question 4

We noted that the total trade and other receivables increased from RM1.7 billion in FYE 2016 to RM2.8 billion in FYE 2017.

- (i) Out of the Group’s trade receivables of RM1.4 billion, RM167.6 million was past due for more than 121 days. Would there be further impairment losses on these amounts in the future?

## Answer

- The RM167.6 million mainly relates to Kesas’ outstanding toll compensation claim from Government of Malaysia. As at today, the first tranche of RM78 million was received while the balance will be received in 2018.
  
- No further impairment is necessary.



# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) FY2017

- (ii) What was the reason for the allowance for impairment loss in trade receivables amounting to RM26.6 million and what steps are being taken to improve the collections?

## Answer

- RM26.6 million relates to an amount owing from the Bahrain Government for Sitra Bridges project. The project was completed with 2 years maintenance period until 2013. The outstanding amount is withheld pending resolution of some issues. For accounting purposes, a general provision is made for that amount.

# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) FY2017

- (5) We refer to the article published by The Star on 25 November 2017 that the Group appears to be the favorite party for the project delivery partner (PDP) to undertake the civil infrastructure works in the Kuala Lumpur-Singapore high-speed track. Could the Board comment on the status of the bidding and the impact to the Group?

## Answer

- Gamuda entered into a joint venture with Malaysian Resources Corporation Bhd (MRCB) on 28 November 2017 to jointly bid for the role of Project Delivery Partner (PDP) for high speed rail project. Currently, the joint venture is preparing the bid and the tender submission deadline is on 30 January 2018.



# QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCHDOG GROUP (“MSWG”) FY2017

- (6) Please enlighten shareholders on the progress of the implementation of the Penang Transport Master Plan (PTMP) where the Group has accepted an extension of the letter of award by the Penang State Government.

Would there be a concern of not being able to meet the extended timeline till 30 August 2018 to complete the PTMP?

## Answer

- The Railway Scheme for the LRT has been submitted to Suruhanjaya Pengangkutan Awam Darat (SPAD) on 29 March 2016 and the review process is still on-going.
- Environmental Impact Assessment (EIA) Reports have been submitted to Department of Environment (DOE):
  - (a) for LRT project on 18 May 2017; and
  - (b) for Penang South Reclamation project on 15 August 2017.

The review process is still on-going.

- This is the third timeline extension given by the Penang State Government due to additional time required to comply with Federal Government approval processes. Further timeline extension will be sought should the need arise.

**PERTINENT QUESTIONS AND ANSWERS AT THE 41<sup>ST</sup> AGM****Shareholder : Mr. Wan Heng Wah**

**Q1** What is the status of negotiation on the takeover of Syarikat Pengeluar Air Selangor Holdings Berhad (“Splash Holdings”) with the Selangor State Government?

**A1** Negotiation on the acquisition of Splash Holdings is ongoing with the Selangor State Government. However, the grace period for the negotiation has been further extended to 4 July 2018.

**Q2** Will Gamuda provide for impairment on the water tariff billed by Syarikat Bekalan Air Selangor Sdn Bhd (“SYABAS”) to Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (“Splash”) of RM4.1 billion as at 31 July 2017?

**A2** If Gamuda has accepted the net offer made by the Selangor State Government on 10 March 2014 of RM250.6 million, then the disposal will result in a huge divestment loss of RM920.0 million to Gamuda group. This is because the net asset value for Splash Holdings as at 31 December 2013 was RM2.54 billion.

Gamuda is now negotiating for an offer price which would at least equal to or above the net asset value of Splash Holdings.

A provision for a one-off impairment loss may not be required if Splash Holdings is sold at its book value. Currently, negotiation is proceeding on a ‘willing buyer – willing seller’ basis as guided by the Federal Government. The need for impairment (if any) will only be determined once the offer price for the acquisition of Splash Holdings has been finalised between the Selangor State Government and Gamuda.

From past precedents, takeover of water assets for the six states have been undertaken based on their book values.



**Q3** What is Gamuda's prospect in securing the Mass Rapid Transit 3 ("MRT 3") or Circle Line project following Mass Rapid Transit Corporation Sdn Bhd's ("MRT Corp") decision to carry out the said project via 'build and finance' by a turnkey contractor instead of the project delivery partner ("PDP") model?

**A3** If MRT 3 project was to be carried out using the PDP model, the appointed PDP is not allowed to be the contractor for the tunnelling works.

We are glad that the MRT Line 3 project will be carried out via 'build and finance' instead of the PDP model since Gamuda's plan from the start was to secure the tunnelling packages given that most of the work packages under the MRT Line 3 project comprised tunnelling works.

Gamuda will be participating in the tender for the MRT 3 project vide a joint venture and will ensure that it remain competitive in terms of its pricing and in the interest of the Company.

The tender closing date is on 29 December 2017 whilst the award of the project is likely to be announced within the first quarter of 2018.

**Q4** The Group has set aside RM98.5 million as a one-off provision for impairment on SMART's expressway as a result of lower than expected toll revenue project.

Did SMART perform the annual test on the future cash flows and the discounted cash flow? If yes, why was the impairment amount so huge?

Does the Board expect further impairment from the SMART expressway for financial year 2018?

**A4** Yes, annual test is performed by SMART.

Traffic volume has always dropped in the range of 5% - 10% after a toll hike but usually recover after a few months when public has accepted the toll hike.

However for this toll hike implemented in October 2015, the traffic volume has continue to drop and did not stabilise for the past one year after the toll hike.

In view thereof, the Board, on the advice of its external auditors, Messrs. Ernst & Young, has made a one-off impairment of RM98.5 million.

Recently, traffic volume has showed signs of recovery and seems to have stabilised. Traffic volume is expected to improve upon the completion of the Tun Razak Exchange and Bandar Malaysia development as both developments have direct access to the SMART Tunnel.

### **Shareholder : Mr. Soh Chin Teck**

**Q1** Why didn't SMART reduce the quantum of the toll hike i.e. 20 sen instead of RM1.00 to mitigate the drop in traffic volume?

**A1** The quantum of the toll hike is provided under the concession agreement executed between SMART and the Government of Malaysia. When the toll hike is deferred by the Government of Malaysia, then the Government of Malaysia will have to compensate the concessionaires accordingly. As such, timing of the toll hike is decided by the Government of Malaysia and not the respective concession companies.

### **Shareholder : Ms. Caroline Chin**

**Q1** On the Mr. Ngan's presentation earlier, please clarify the following:-

- a. Can the assets under the Vacuum Sewage System ("VSS") be classified as government assets even though Indah Water Konsortium Sdn Bhd ("IWK") has confirmed that 20% of the sewage system under Ambang Botanic 1 are still under Gamuda Land (Botanic) Sdn Bhd ("GL Botanic")?
- b. Status on the legal letter of demand issued by IWK to GL Botanic in July 2017 whereby GL Botanic is required to retract certain statements on the sewage system issue within 48 hours?
- c. Is it true that all rectification works to be carried out have been agreed by all parties i.e. GL Botanic, IWK, SPAN and Bandar Botanic Residents ("BBRA")? This is because BBRA has submitted an official complaint to IWK that they do not agree to the rectification works since they are still not satisfied with the works to be carried out.



**A2** The assets under the VSS mentioned in the presentation earlier refers to those assets that have been handed over by GL Botanic to IWK. For those which have not been handed over, GL Botanic will continue to maintain the VSS.

Since the legal letter mentioned has been classified as 'confidential' by IWK, Mr. Ngan can only disclosed that GL Botanic have responded to IWK on the said letter and the matter has since been resolved with no further legal action required by both parties.

The rectification works and the methodology to be used are decided by SPAN. GL Botanic is committed to support SPAN's decision on the rectification works and has also agreed to contribute towards the cost of the rectification work. If the BBRA are not satisfied with the rectification works and/or methodology, they should raise their concerns and dissatisfaction at the regular meeting called by IWK.

### **Shareholder : Mr. Festus a/l A Christ Dhas**

**Q1** Why did GL Botanic choose to use the VSS for its Bandar Botanic Township when it has been using the conventional sewage system for all of its other townships?

**A1** The VSS was approved by the Jabatan Perkhidmatan Pembentungan ("JPP") and IWK for use at Bandar Botanic because of its pre-existing soft marine clay soil and high water table condition. In addition, the VSS has been compliance tested before progressively been handed over to IWK since year 2005.

**Q2** On the one-off impairment provision of RM98.5 million on SMART Tunnel expressway, is the impairment reversible in the coming or following financial years?

**A2** Yes, if traffic volume for SMART Tunnel improved significantly, the impairment may be reversible in the coming or next financial years.

### **Shareholder : Mr. Ong Hock Soon**

**Q1** How do the highway concession companies plan to improve traffic volumes for all its expressway, especially SMART Tunnel, Lebuhraya Damansara-Puchong ("LDP") and Kesas since the congestion are so severe that public are paying for toll and yet are still stuck in traffic jams?

**What measures are taken by these highway concession companies to ease the traffic congestion for all its highways and thus, improve traffic volume?**

**A1** The concession companies continues in its relentless efforts to improve, upgrade and widen (where possible) its highway in order to ease the traffic congestion.

As for the SMART Tunnel where widening of the roads are not possible, other measures are being taken for example, traffic management by easing traffic at its egress, better lightings and maintenance of the roads.

**Q2** In view that its Property section will be launching more housing projects in this financial year and in view of the soft property market, how will the Group manage its borrowings to ensure that its gearing remain low?

**A2** Property companies are normally capital intensive companies since they need to borrow to purchase land banks and to develop them as well.

Property sales is on track to achieve the sales target for the financial year 2018 of RM3.5 billion. For the financial year ended 2017, property pre-sales came in at RM2.4 billion. This was driven by the maiden sales for its Gamuda Garden as well as better Vietnam and Horizon Hills sales.

**Q3** Following the recent sell down of Gamuda shares, what is the foreign shareholdings of Gamuda to date since foreign shareholdings will improve its share price?

**What is the cause of the sell down?**

**How will Gamuda improve its performance to increase foreign shareholdings in view that Gamuda will not be in the running for the MRT 3 project, the HSR project and the ECRL project?**

**A3** The recent sell down of Gamuda shares was caused by the announcement by MRT Corp that the MRT 3 project will be awarded on a turnkey basis and not on the PDP model. Gamuda expects its share price to recover now that Gamuda will be present in all three large-scale transportation based infrastructure projects namely, MRT 3 project, HSR an ECRL.



For the record, the foreign shareholdings of Gamuda has remain unchanged at 30% despite the recent sell down of its shares in November 2017.

**Q4** What is the total rectification cost of the VSS in Bandar Botanic Township?

**A4** The rectification cost of the VSS has not been finalised by SPAN to date but it is estimated to be between RM50 to RM60 million, as advised by SPAN.

### **Shareholder : Mr. Caleb Khoo Nee Shien**

**Q1** From the third party consultant report engaged by SPAN, the consultant has identified design as one of the default for the VSS failure.

To his knowledge which is contrary to what was presented by Mr. Ngan earlier, SPAN has agreed to implement the solution and methodology recommended by the independent consultant for the VSS rectification works. Premised on the consultation's recommendation, it was thus concluded that Gamuda should bear the rectification cost in full.

As such, is Gamuda stalling for time as it is looking for a cheaper alternative to be used instead of adopting the methodology recommended by the consultants? In addition, if the methodology has not been finalised or confirmed, why did GL Botanic invited tenders for the rectification works?

How was the completion timeline of three years decided? Can the rectification works be completed earlier?

**A1** From the implementation meetings with the authorities, SPAN has informed that they have reviewed the independent consultant's report. We are now waiting for the official confirmation from SPAN on the methodology for the rectification works and not trying to negotiate for a cheaper alternative to the rectification works.

SPAN has verbally informed GL Botanic of the solution and methodology to be used for the rectification works. In its efforts to expedite the rectification works while waiting for the official confirmation from SPAN, GL Botanic has invited tenders for certain ground works.

**The completion timeline was set by the independent consultant and confirmed by SPAN.**

**As to whether the rectification works can be completed earlier than the 3 year timeline, GL Botanic is uncertain since the rectification works done is subject to the independent consultant's review.**

**Shareholder : Mr. Jeremy Ting Keng Fui**

**Q1 Why is the Company seeking shareholders' approval on the authority for Directors to issue shares pursuant to Section 75 and 76 of the Companies Act 2016 for the financial year 2018 when the Company do not have specific plan to utilise the mandate sought thereunder?**

**A1 The Company is of the view that the proposed resolution on the authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 is necessary as it provides the following benefits to the Company and its shareholders: -**

- enhance flexibility of fund raising to cope with volatile market and relevant factors;**
- reduce procedures and time as well as reduce expenses of holding a general meeting to approve a capital increase each time funds are needed;**
- provide stand-by working capital in accordance with the business needs of the Company;**
- in any case, the maximum dilution effect is limited to 10 percent of the issued and paid-up share capital of the Company.**