



DEAR SHAREHOLDERS,
 AS WE ENTERED THE SECOND YEAR OF THE COVID-19 PANDEMIC IN 2021, OUR FOCUS HAS SHIFTED TO FURTHER DEFINING THE GROUP'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) GOALS WITH A CLEAR SET OF TARGETS TO MAP OUR PATH TO A GREEN ECONOMY.

YBHG DATO' LIN YUN LING
 Group Managing Director

STATEMENT FROM THE GROUP MANAGING DIRECTOR

The result is the Gamuda Green Plan 2025, a comprehensive framework that commits the entire Group with specific steps to reduce direct and indirect corporate greenhouse gas emissions intensity by 30 percent in 2025, and by 45 percent in 2030.

We want to commit in areas where we can make the biggest impact when it comes to climate action. As an infrastructure group, masterplanning and engineering design are where we can make a difference.

The Group is not new to incorporating ESG attributes into our corporate strategy. Our sustainability journey began more than two decades ago when Gamuda started building the township development in Kota Kemuning.

Even back when the social aspects of business activities have yet to come under the close scrutiny of investors and regulators, we have ensured that the welfare of our workforce has been well taken care of. We insisted that the foreign workers employed by our contractors were properly housed in clean and comfortable centralised labour quarters complete with communal cooking and sporting facilities to ensure that the workforce led a healthy and balanced lifestyle.

Over the years, our sustainability efforts have only evolved to become more concerted and coordinated.

Our decarbonisation plan is aligned with the country's intent to transition into a low carbon, resource-efficient and socially inclusive economy. We are supportive and well-positioned in realising these national aspirations and to capture any opportunities.

Alongside, the Group is closely monitoring the evolving developments of the Science Based Targets initiative (SBTi) and Task Force on Climate-related Financial Disclosures (TCFD) which are two acronyms that will undoubtedly continue to gain traction. However, there remains the need to address certain inconsistencies and shortfalls in both, with additional emphasis on consistency, transparency and accountability, which should come with increasing maturity in climate-related disclosures in the coming years.

REBUILDING

Roadmap to a Green Economy

The Gamuda Green Plan 2025 is anchored on four pillars: sustainable planning and design for construction; our community and our business; environmental and biodiversity conservation; and enhancing sustainability via digitalisation.

Pillar 1 is the main thrust that will drive our carbon reduction targets across the Group by incorporating **sustainable planning and design for construction** into all our projects.

Our decarbonisation will target Scope 1 that covers direct emissions, and Scope 2, which involves indirect emissions from the generation of purchased electricity.

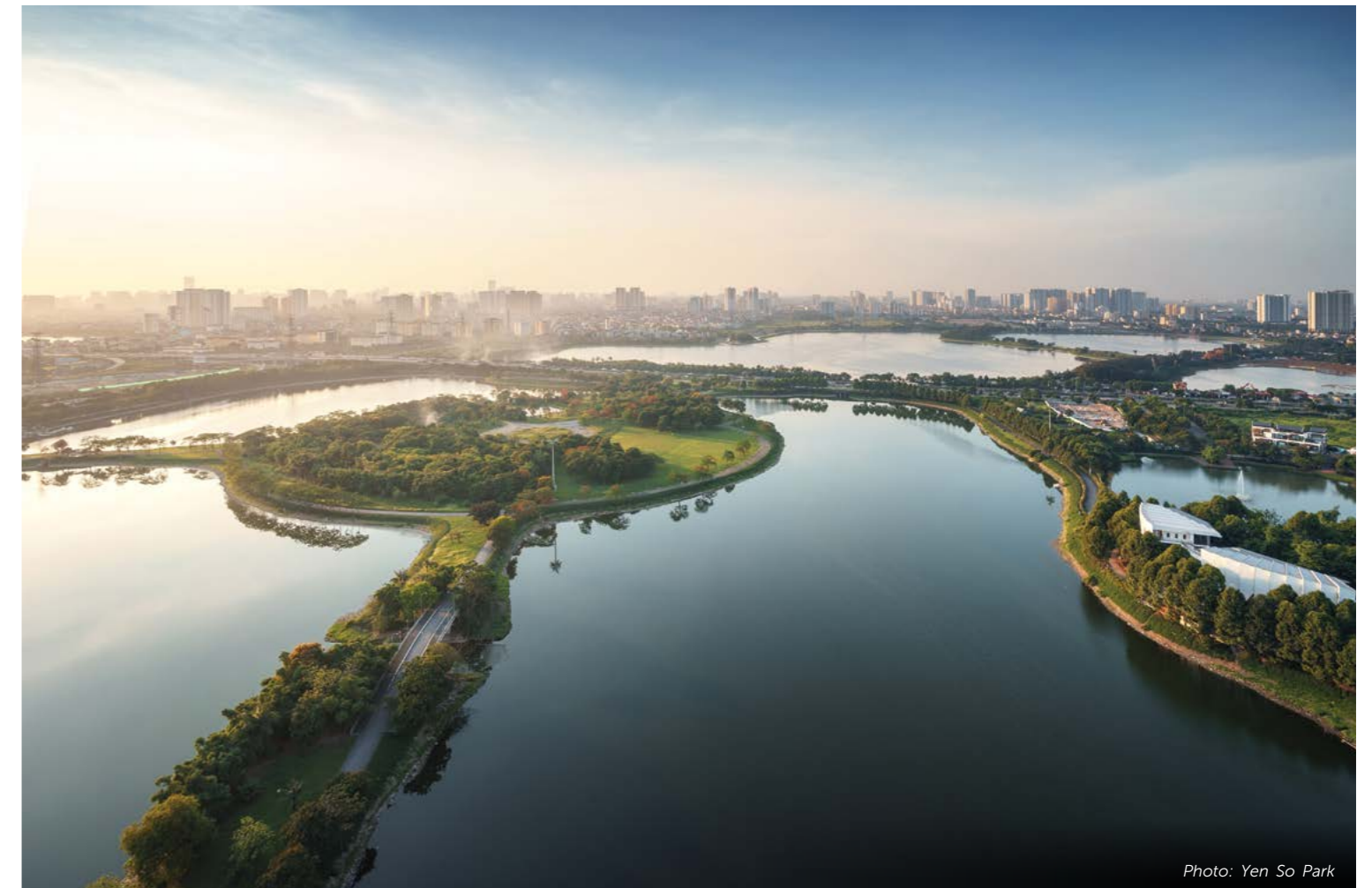


Photo: Yen So Park

STATEMENT FROM THE GROUP MANAGING DIRECTOR

Renewable Energy Adoption and Green Innovation

Within Gamuda, our carbon reductions will primarily be achieved by enabling renewable energy (RE) supply for our offices, project sites and assets through a combination of direct on-site feed-in supply and off-site RE trading and purchase mechanisms. We will improve our operational productivity by maximising the efficiency of raw materials and resources as well as minimising wastage. We are also introducing ESG evaluation criteria in our procurement framework to reduce our Scope 3 emissions. We have already started this process but expect to stage it progressively to drive sustainable and meaningful change in our supply chain.

Given our ability to influence the total life cycle carbon footprint of our developments, we will incorporate sustainable master-planning with integrated transport and green mobility elements into our developments. This will be in addition to innovative solutions for waste and water, energy-efficient buildings and smart features. These consolidate our effort towards the 40 percent reduction in carbon emissions compared to business as usual by 2030.

We will reduce non-RE usage by adopting super low energy buildings with efficient cooling systems, solar street lighting and RE installations across our future developments, similar to what we are doing with Gamuda Cove that includes energy and water-efficient theme park.

The Group is also making a significant foray into RE-related projects. We are targeting to develop over 300MW of our own RE assets in the next five years, in line with the Group's clean energy growth plan.

We are in the process of taking up an equity stake in a leading solar EPCC (engineering, procurement, construction, and commissioning) company in Malaysia with its own energy technology arm to accelerate our growth in this new area.

Penang South Islands

The masterplan of the first island of **Penang South Islands (PSI)** will set aside 20 percent of the 2,300 acres for open spaces, parks, beaches and esplanades for public use. There will also be a 140km network of shaded pedestrian and cycling paths, complete with bicycle stations that encourages bicycles before cars as a preferred commuting mode.

PSI is a landmark project of the Gamuda Green Plan 2025, aimed at being climate-resilient with a set target to slash carbon emissions by half as compared to business as usual by the end of this decade. This will be achieved through a 40 percent reduction in non-RE use, 70 percent lower freshwater demand, 65 percent reduction in landfill waste, and a 100 percent RE-powered Green Tech Park with an estimated power demand of 65MW.

The 700 acres Green Tech Park is dedicated to attracting high-value electrical and electronics (E&E) companies that will complement the industrial ecosystem of Bayan Lepas in Penang.

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Photo: After-school classes for Orang Asli children

Underpinning the realisation of Pillar 1 sustainability efforts, a synergistic combination of digital transformation and a capable pool of Subject Matter Experts (SMEs) in climate science is in place as the building blocks for advancement.

Pillar 2 outlines the Group's commitment to **our community and our business**. People are our most important assets, and we have a comprehensive plan to develop a competent workforce to safeguard our long-term success.

We will link ESG performance to executive remuneration and performance management, aligning the Group with our sustainability priorities in enhancing shareholder value. Our ESG business outcomes will be measured for sustainability governance in the areas we operate.

Employment and Education for the Indigenous Community

As part of our community investment, we are committed to empowering the indigenous people by creating the right kind of education and employment opportunities to help lift them out of poverty.

The deep knowledge about nature by the indigenous people who know their land better than anyone complements our biodiversity conservation initiatives. This is strengthened with partnering environmental NGOs like Binturong Alam Ventures and The Asli Co, who have the know-how in biodiversity protection. Together, we set priorities that benefit the indigenous people namely the *Orang Asli* communities adjacent to the Hulu Langat Forest Reserve and Gamuda Cove.

We put the *Orang Asli's* culture and experience as the focus of our employment programme for them. This is reflected in the 200 employment opportunities at our Arboretum and nurseries via the Wild Seed Tree Bank, Advance Tree Planting, sale of crafts and farm produce, and eco-education programmes.

We also help secure the future of 165 *Orang Asli* children by supporting their educational needs through classes and tablets. We run after-school classes with dedicated tutors who have a background in teaching underserved communities to ensure consistent learning for these children.

Enabling Academy

Since 2017, the **Enabling Academy (EA)** set up by Gamuda has contributed towards empowering young adults on the autism spectrum disorder to be gainfully employed. To date, we remain the first corporate company to operate such Employment Transition Programme (ETP) in Malaysia. The academy conducts ETP to equip young adults with autism with soft skills and job training before placing them into partner companies that share our vision in embracing diversity and inclusion. Through EA, Gamuda fosters collaboration across government, private sector and community members.

EA has also made its training resources freely available in the public domain with an aim to benefit a wider group of communities. The sharing of the intellectual property helps develop more trainers and teachers in this niche field in Malaysia. Our effort was commended when the first ETP Trainer's Manual produced by the academy was endorsed by the Special Education Division – Ministry of Education, and Youth Skills Development Division – Ministry of Youth and Sports as a teaching guide for teachers and practitioners. This manual is available in English, Bahasa Malaysia and Chinese versions.

We are delighted that the network of engaged companies has expanded to 150 organisations, with 80 percent of EA graduates securing jobs. Such is pivotal in continuing the progress for a sustainable work environment that supports autism individuals, with future plans to ramp this up in the coming years.

Gamuda Scholarship

The **Gamuda Scholarship** was established in 1996 to assist deserving young Malaysians in pursuing university education. The Group has helped shape the future generation of leaders, and our workforce has benefitted tremendously from this ready pipeline of dedicated talent.

Many of the graduates have chosen to join the Group upon completing their studies. Started 25 years ago, now the Group has many of our scholars holding senior management positions within the company. Since its inception, the programme has provided 471 students to pursue their studies at selected top universities in Malaysia and abroad.

In FY2021, we have doubled the scholarship quantum offered for the year with a further commitment to expand. In upscaling the programme, we will increase the number of scholarships with a larger allocation for overseas studies in particular, and greater emphasis on students from low-income families.

A New Generation of Young Leaders

With millennials and generation Y employees comprising 40 percent of the workforce in Gamuda, the Group sees the need for more of them in senior management ranks. This is necessary for the Group's long-term growth. We started by identifying good talent with great potential, and placing them in critical roles while moving them up the value chain as part of development and succession planning.

In January 2021, the management has appointed several young leaders in their 30s to fill at least half of the board seats and executive positions across Gamuda Engineering and Gamuda Land, with the view that ESG and digital will be central in our operations moving forward.

Taking decisive action on climate adaptation, we have set up the ESG Steering Committee chaired by the Group Managing Director with the Board of Directors and Group Chief Sustainability Officer. This top-level leadership sets the strategic ESG agenda and evaluates risks and opportunities. This is supported by the SMEs on climate science areas, to help deliver the Gamuda Green Plan 2025 together and explore new market opportunities.

Pillar 3 lays out the Group's **environmental and biodiversity conservation** efforts spearheaded by **Gamuda Parks** to drive impactful efforts in nature conservation and biodiversity stewardship.

STATEMENT FROM THE GROUP MANAGING DIRECTOR

We are committed to planting one million trees and saplings by 2023 under the Advance Tree Planting scheme, mobilising three nurseries with a total area of 43 acres. This programme will support the development of 2,000 acres of green spaces and waterscapes across 12 urban forest clusters within Gamuda Land's townships with a total indicative investment of RM33 million. These green efforts will help cool the overall temperature in the vicinity, sponge rainwater runoff and foster community well-being.



The biodiversity conservation is further intensified through the Wetlands Arboretum with a forest seed bank for native species. We will develop in-house specialists in arboriculture and horticulture by partnering with the indigenous community to tap their inherent knowledge of nature.

The effectiveness of our conservation programmes is monitored through biodiversity audits against the International Union for Conservation of Nature (IUCN). This initiative is implemented with biodiversity experts like Forest Research Institute Malaysia (FRIM).

Pillar 4 will see us *enhancing sustainability via digitalisation*. As Gamuda continues to transform into a data-driven organisation, we aim to digitally integrate our critical processes with a Group-wide focus on upskilling data literacy among our employees. The Building Information Modelling (BIM), a key digital engineering tool will allow greater precision in the design and construction phases while providing an increased 'life cycle view' in the operations and maintenance phases of the project.

To galvanise our leadership in the green space, the Group has set up an internal strategic green tech fund to help realise the Gamuda Green Plan 2025 targets. One of our early investment ventures includes a USD5 million collaboration in a global technology venture studio based in the Silicon Valley to capture co-development opportunities in the green tech space of RE, power systems, sustainable buildings, smart cities, e-mobility, ESG-tech, ConTech and InfraTech which are deeply synergistic with our nature of business.

Gamuda Digital IBS

We have envisioned that the **Digital Industrialised Building System (IBS)** will be the future of construction with robotic automation that reduces manpower by 60 percent and is faster by 40 percent compared to conventional construction. The controlled environment in Gamuda Digital IBS is superior to on-site set ups reducing wastage to less than one percent.

The adoption of Digital IBS is on the rise, and having an IBS-designed construction is seen as an advantage in upcoming bids from property developers and infrastructure builders. However, the last two years have proven to be an inopportune time as the Malaysian government-spearheaded affordable housing initiative had not taken off as envisaged. Even so, we have not detracted from adopting 100 percent Digital IBS across landed and high-rise developments in Gamuda Land.

Gamuda Digital IBS provides a full-suite of digital services from cloud-based digital design, BIM integration, high-level automation and precision robotic production. All these bring about value engineering from a digital ecosystem perspective, with a variety of precast products suitable for residential, commercial and infrastructure.

Gamuda's focus on embracing digital construction is further enhanced with the BIM Academy. It sets to pioneer a significant move up the value chain in the local construction sector to develop more skilled talent in the digital engineering system.

Integrated Digital Ecosystem

Enterprise resource planning (ERP) is the critical backbone for data integration. The Group embarked on digitalised procurement processes with the SAP Ariba system two years ago. We made further investment in a new-generation cloud-based ERP platform – SAP S/4HANA that allows faster and more meaningful data-driven decisions, with a more automated process for greater transparency.

The ongoing pandemic has highlighted the importance of leveraging digital technologies in our business especially in managing our larger value chain of suppliers and tenders. Digital transformation is a necessity for business survival. Our investment in digital procurement has accumulated valuable supply chain knowledge and is evident that the right technology applied will drive business growth and revenue-generating activities.

Gamuda Excellence Transformation

The digitalisation of the value chain from start to end facilitates a rethinking of present methods and enables the implementation of new approaches for improved efficiency. The Gamuda Excellence Transformation (GET) unit, which was instituted in the last year, comprises an aggregation of our best digital and data experts with the mandate of elevating digital excellence across the Group in collaboration with all business units to improve our digital engineering landscape and catalysing innovative opportunities.

RENEWAL

While we maintain resilient progress in Malaysia, the Group continues to expand its footprint to broaden its international market reach, especially in our identified growth markets in the coming years – Australia, Vietnam, Singapore and Taiwan.

Australia

Given the strong project pipeline ahead, Australia will be a key market for Gamuda in the coming years, with the Australian Government planning for AUD110 billion to be invested over the next 10 years in transport infrastructure development, of which a substantial amount is allocated for road and rail projects. This naturally suits our core engineering capabilities and we are expecting this market to contribute to half of Gamuda's new engineering and construction order book in the near future.

On the property front, we continue to broaden our development plans in Melbourne. We are currently working on Gamuda Land's second project there after the successful debut of 661 Chapel St. residential tower.

Vietnam

Gamuda Land continues its strong growth trajectory in Vietnam with the strategic development of the 306 acres Gamuda City Central in Hanoi, which houses over 2,600 residential apartments, complete with a waterfront mall and shop offices facing the renowned Yen So Park. This is in addition to the latest acquisition of 13.8 acres land parcel in Binh Duong New City, nearby Ho Chi Minh City.

This expanded investment in Vietnam is in line with the Group's emphasis on international diversification. It accounts for two-thirds of Gamuda Land's property sales in FY2021, backed by our proven track records in Celadon City in Ho Chi Minh and Gamuda City in Hanoi. This strategy has seen the Group through the challenging economic outlook of recent quarters, providing stable revenue lines amid weaker sentiment and currency fluctuations in the Malaysian market.

Taiwan

Gamuda continues to strengthen its engineering presence in the Taiwan market, recently securing the Group's third project there in the past two years and more infrastructure projects in the pipeline. The latest is a Design and Build project for a 161-kV underground transmission line civil engineering, and auxiliary mechanical and engineering (M&E) system for the state-owned Taiwan Power Company Ltd.

Other ongoing projects in Taiwan include the construction of a seawall structure from Port of Keelung and a 1.23km marine bridge for CPC Corporate Taiwan, a state-owned petroleum company.

Singapore

We are working on our second development in Singapore following the success of our first project, GEM Residences, a Green Mark-certified condominium that was fully sold in 2020. The OLÁ, a 548-unit condominium at Anchorvale Crescent has achieved 93 percent sales since its launch in March last year.

On the infrastructure front, we have made remarkable advancements for the Gali Batu Multi-Storey bus depot project at 15 percent progress compared to one percent a year ago, following restrictions arising from the Circuit Breaker.

Singapore has recently announced a detailed pipeline of major infrastructure projects extending until 2030, which focuses on new developments to enhance the economy and liveability. Building on our maiden Gali Batu infrastructure project, we anticipate that Singapore will offer promising order book opportunities given the transparency and abundance of projects suited to our capabilities as we continue to expand our footprint in this market.

KEY ACHIEVEMENTS

Financial Performance

The Group's financial performance continues to be resilient for this financial year as the pace of construction and property projects, and traffic plying the expressways return to pre-movement restrictions level combined with the Group's rigorous COVID-19 measures at all work fronts.

This year's performance continued to be driven by overseas property sales from Vietnam and Singapore, and the progress of the Mass Rapid Transit (MRT) Putrajaya Line. Moving forward, the resilience of the Group is underpinned by its construction order book of RM4.5 billion and unbilled property sales totalling RM4.6 billion, which will see the Group through the next two years. On top of that, the Group has a healthy balance sheet, with prudent gearing of 0.2 times.

For the full financial year, the Group posted an annual core net profit of RM588 million, an increase of 12 percent compared with RM525 million core net profit last year.

The Group posted a quarterly revenue of RM1.1 billion, a decrease of 41 percent compared with the previous Q4FY20 revenue of RM1.8 billion. For the full financial year, the Group's revenue of RM5 billion, is a decrease of 26 percent from RM6.8 billion last year.

On the domestic front, the country's economic and fiscal outlook is expected to improve as vaccination progresses, easing of restrictions under the National Recovery Plan and hopeful inclusion of increased public spending and stimulus for infrastructure developments.

STATEMENT FROM THE GROUP MANAGING DIRECTOR

Shifting Sentiments in the Property

The local property industry was deeply affected by the COVID-19 outbreak. There is also a rising preference for landed properties as people increasingly want to spend more time in the garden and have more space to accommodate a home office. Hence, we have enjoyed a good take-up rate for the super-links, semi-Ds and bungalows launched in Gamuda Gardens, Gamuda Cove and twentyfive.7.

To stay competitive, we have adjusted our business strategies to navigate the market recession. We accelerated the capacity to promote our products online through Gamuda Land Lifestyle Mobile app, Virtual Experience Gallery and Gamuda Land Online Property Deals website. This is a timely evolution given that millennials, who represent a larger segment of the buying market, are accustomed to e-commerce.

This targeted digital marketing through push technology is proven effective as Gamuda Land has sold RM2.9 billion worth of properties in this financial year, higher than the RM2.2 billion sales posted last year. Sales picked up in the fourth quarter with local projects including Horizon Hills, Jade Hills, Gamuda Gardens, twentyfive.7 and Gamuda Cove contributing 40 percent of overall property sales.

MRT Putrajaya Line

The RM30.53 billion MRT Putrajaya Line made up 87 percent of Gamuda's construction order book. As the Turnkey Contractor, MMC Gamuda has achieved cumulative progress of 93.52 percent completion for the entire alignment. We are on schedule with the first phase of the line opening in November 2021, stretching from Kwasa Damansara to Kampung Batu station. The second phase of the line, from Kampung Batu station to Putrajaya Sentral station, will commence operations in January 2023.

Penang South Islands

The Penang South Islands (PSI) took off on 25 March 2021 via a project development model with the Penang State Government.

The PSI project entails the creation of three islands with a total area of 4,500 acres at the southern tip of Penang Island, as well as the construction of the Light Rail Transit (LRT) and Pan Island Link highway under the Penang Transport Master Plan (PTMP).

In September, the revocation of the Environmental Impact Assessment (EIA) approval for the PSI was decided by the Department of Environment (DoE) Appeal Board. Given this judgment, we anticipate a deferment of the start of reclamation by six to eight months. The State government is in the process of resubmitting the environment impact assessment report, in tandem with filing a judicial review on the decision of the DoE Appeal Board.

COVID-19 Management

As we move into the endemic phase of COVID-19, the polymerase chain reaction (RT-PCR) testing laboratory that we have set up to implement efficient testing among our workers remains central to our pandemic management strategy. The laboratory has the capacity to conduct RT-PCR testing fortnightly for 20,000 workers. Nearly 100 percent of our workforce across our Group has been vaccinated as well.

The Group has constructed Centralised Quarantine Quarters (CQQs) within each of the four Centralised Labour Quarters (CLQs), which serve as the facilities to quarantine Patients Under Investigation (PUIs). Adding to this setup is a Triage Centre in the CLQ that prioritises medical support for our ill employees with early stages of COVID-19 while being quarantined. We also set up Gamuda Clinics in two locations to offer our employees and the public affordable outpatient medical services, including vaccination. This reduced the risk of health deterioration and the burden on the public healthcare system.

Through these efforts, Gamuda has succeeded in reducing the number of infections within our workforce, thus mitigating potential work clusters and enabling minimal work disruption.

APPRECIATION

We are proud to report that despite the increasingly challenging environment, we have continued to grow our business sustainably. This would not have been possible without our dedicated employees. I thank our Board of Directors, stakeholders, shareholders, management and employees for your unwavering support throughout this difficult period.

At Gamuda, we are passionate about making a measurable impact in everything we do. It is our values and innovative approach that helps us deliver enduring results. We will continue to take ownership as we grow the business to deliver sustainable value for all stakeholders.

YBHG DATO' LIN YUN LING

Group Managing Director