

THIS STATEMENT/CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the course of action to be taken, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately.

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GAMUDA BERHAD

[Company Registration No. 197601003632 (29579-T)]
(Incorporated in Malaysia)

**STATEMENT TO SHAREHOLDERS
IN RELATION TO THE
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority will be tabled as Special Business at the Forty-fourth ("44th") Annual General Meeting ("AGM") of Gamuda Berhad ("Company") which will be conducted on a fully virtual basis through live streaming and online remote voting from the broadcast venue at the Auditorium, Level 2, Menara Gamuda Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 8 December 2020 at 10.00 a.m. or at any adjournment thereof.

The Notice of AGM together with the Form of Proxy, Administrative Details, Annual Report 2020 and this Statement are published on the Company's website at www.gamuda.com.my or Bursa Malaysia's website at www.bursamalaysia.com. Please follow the procedures in the Administrative Details for the 44th AGM provided in the Annual Report 2020 in order to register, participate and vote remotely.

Members who appoint a proxy or proxies may deposit their duly executed Forms of Proxy in hard copy form or by electronic means in the following manner before 10.00 a.m. on Sunday, 6 December 2020:-

(a) Hard copy

Please submit to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or Tricor's Customer Service Center at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

OR

(b) Electronic form

Please lodge via Tricor's TIIH Online website at <https://tiih.online> (applicable to individual members only) by following the procedures provided in the Administrative Details for the 44th AGM.

The lodging of the Form of Proxy will not preclude you from participating and voting remotely at the 44th AGM should you subsequently wish to do so.

This Statement is dated 9 November 2020

DEFINITIONS

For the purpose of this Statement/Circular, except where the context otherwise requires, the following definitions shall apply: -

| | | |
|--------------------------------|---|---|
| Act | : | The Companies Act 2016, as amended from time to time and any re-enactment thereof |
| AGM | : | Annual General Meeting of the Company |
| Annual Report 2020 | : | The annual report of Gamuda issued for the financial year ended 31 July 2020 |
| Board | : | The Board of Directors of Gamuda |
| Bursa Securities | : | Bursa Malaysia Securities Berhad [Company Registration No. 200301033577 (635998-W)] |
| Director(s) | : | The director(s) of Gamuda |
| Code | : | Malaysian Code on Take-Overs and Mergers 2016 and any amendments made thereto from time to time |
| EPS | : | Earnings per share |
| Gamuda or Company | : | Gamuda Berhad [Company Registration No. 197601003632 (29579-T)] |
| Gamuda Group or Group | : | Gamuda and its subsidiary companies, collectively |
| Listing Requirements | : | Main Market Listing Requirements of Bursa Securities including any amendments that may be made from time to time |
| LPD | : | 23 October 2020 being the latest practicable date before the printing of this document |
| NA | : | Consolidated net assets of the Group |
| Proposed Share Buy-back | : | Proposed renewal of authority for Gamuda to purchase its own Shares of up to 10% of its total number of issued Shares |
| RM and sen | : | Ringgit Malaysia and sen respectively |
| Share(s) | : | Ordinary share(s) in Gamuda |

DEFINITIONS (Cont'd)

All references to “you” in this Statement are to the shareholders of our Company.

Words denoting the singular number shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day and date of this Statement is a reference to Malaysian time and date, unless otherwise stated.

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1. INTRODUCTION

At the 43rd AGM held on 5 December 2019, the Company had obtained your mandate to purchase its own Shares of up to ten percent (10%) of its total number of issued Shares. The said mandate shall lapse at the conclusion of the forthcoming 44th AGM scheduled to be held on 8 December 2020.

On 25 September 2020, the Company announced that the Board had proposed to seek your approval for the Proposed Share Buy-back at the forthcoming 44th AGM.

2. DETAILS OF PROPOSED SHARE BUY-BACK

The Proposed Share Buy-back, if approved by the shareholders, will allow the Company to purchase its own Shares of up to ten percent (10%) of its total number of issued Shares. The purchase of the Company's own Shares is subject to compliance with the Act, Listing Requirements and any prevailing rules and regulations issued by the relevant authorities at the time of the purchase.

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares on Bursa Securities at a price which is not more than fifteen (15%) above the weighted average market price of the Shares for the past five (5) market days immediately preceding the date of the purchase.

In accordance with section 127(4) of the Act, Shares purchased pursuant to the Proposed Share Buy-back may be cancelled or retained as treasury shares or a combination of both. The treasury shares retained may be resold on Bursa Securities or distributed to shareholders as share dividends or cancelled subsequently or dealt with in such manner as prescribed by the Act.

If the treasury shares are resold on Bursa Securities or transferred pursuant to Section 127(7) of the Act, the price must not be less than:

- (a) the weighted average market price of the Shares for the five (5) market days immediately preceding the date of sale or transfer; or
- (b) the discounted price of not more than five percent (5%) to the weighted average market price of the Shares for the five (5) market days immediately preceding the date of resale or transfer provided that:
 - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

The Proposed Share Buy-back shall be effective upon the passing of the ordinary resolution at the forthcoming 44th AGM and may continue to be in force until:-

- (a) the conclusion of the next AGM; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

The Notice of AGM together with the Form of Proxy are enclosed in the Annual Report 2020.

3. RATIONALE FOR PROPOSED SHARE BUY-BACK

The Proposed Share Buy-back if implemented allows the Company to purchase its own Shares in situation such as when the Share price is transacted at levels which do not reflect the potential earning capability and/or underlying asset value of the Group. This is expected to stabilise the supply and demand of the Shares traded on the Main Market of Bursa Securities thereby supporting the fundamental value of the Shares.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES

The Shares purchased by the Company may be cancelled or retained as treasury shares. The treasury shares retained may be distributed as share dividends to reward the shareholders. If the treasury shares are resold on Bursa Securities, it will increase the financial resources available to the Company and will realise a potential gain if the treasury shares are resold at a higher price than their cost of purchase.

In addition, the purchase of the Company's own Shares would improve the EPS of the Group and the return on equity as a result of a lower number of Shares being taken into account for these computations (if the Shares purchased are not resold on Bursa Securities or distributed as dividends).

On the other hand, the purchase of the Company's own Shares will reduce the financial resources available to the Group and may consequently result in the Group foregoing future investment opportunities and any income that may be derived from the deposit of funds in interest bearing instruments. It may also reduce the amount of financial resources available for the repayment of the Group's borrowings, for working capital or for distribution in the form of dividends to the shareholders of the Company.

The actual treatment of the Shares purchased pursuant to the Proposed Share Buy-back would depend on, inter-alia, the prevailing equity market conditions and the financial position of the Company.

Nevertheless, the Board will be mindful of the interest of the Group and the shareholders of the Company in implementing the Proposed Share Buy-back and/or any subsequent resale of the treasury shares.

5. SOURCE OF FUNDS

The purchase of the Company's own Shares pursuant to the Proposed Share Buy-back will be funded from internally generated funds and/or borrowings and the maximum amount of funds allocated shall not exceed the retained profits of the Company. Based on the latest audited financial statements for the financial year ended 31 July 2020, the Company has RM2,444,111,000.00 in its retained profits.

The proportion of the internally generated funds and external borrowings to be allocated for the purchase of the Company's own Shares will only be determined later and will depend on the available internally generated funds, Group's total borrowings, the price and actual number of Shares to be purchased and other relevant cost factors.

In the event that the Company partly finances the purchase of its own Shares by borrowings, the Board shall ensure that the Company has sufficient funds to repay the borrowings and that the repayment would have no material impact on the cash flow of the Company or the Group.

6. EFFECTS OF PROPOSED SHARE BUY-BACK

Assuming the Proposed Share Buy-back is carried out in full, its effects on the total number of issued Shares, NA, Group's working capital, consolidated earnings and EPS, and dividends are set out below: -

6.1 Number of Issued Shares

Assuming the Company purchases 251,352,765 of its own Shares representing ten percent (10%) of its total number of issued Shares as at the LPD and that all the Shares purchased are cancelled, the effect on the total number of issued Shares of the Company is as follows: -

| | <u>No. of Shares</u> |
|--|----------------------|
| Number of issued Shares as at the LPD | 2,513,527,654 |
| Less: | |
| Cancellation of Shares purchased pursuant to the Proposed Share Buy-back | (251,352,765) |
| Resultant number of issued Shares | <u>2,262,174,889</u> |

The Proposed Share Buy-back will not have any effect on the number of issued Shares of the Company if all the Shares purchased are retained as treasury shares.

However, the rights attaching to them as to voting, dividends and participation in other distributions and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares for any purposes including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

6.2 NA

The purchase of the Company's own Shares pursuant to the Proposed Share Buy-back will decrease the NA. However, the NA per Share may increase or decrease depending on the purchase price(s) of the Shares to be bought. NA per Share will decrease if the purchase price of the Shares exceeds the NA per Share at the relevant point in time.

Conversely the NA per Share will increase when the purchase price of the Shares is less than the NA per Share at the relevant point in time.

6.3 Working Capital

The purchase of the Company's own Shares will reduce the working capital of Gamuda Group, the quantum of which will depend on, amongst others, the purchase price and the number of Shares purchased and any associated costs incurred in making the purchase. However, if the treasury shares are subsequently resold on Bursa Securities, the working capital of the Group will increase.

6.4 Earnings and EPS

The effects of the purchase of the Company's own Shares on the consolidated earnings of Gamuda Group are dependent on the purchase price, the number of Shares purchased and the effective funding cost of the purchases. The reduced number of Shares applicable in computing the EPS subsequent to the purchase of the Company's own Shares will generally have a positive impact, all else being equal, on the EPS of Gamuda Group.

6.5 Dividends

For the financial year ended 31 July 2020, Gamuda had paid a single tier first interim dividend of 6 sen per Share on 25 February 2020.

Assuming the dividend quantum is maintained at historical levels, the purchase of the Company's own Shares will have the effect of increasing the dividend rate of the Company as a result of the lower number of issued Shares in the Company (after excluding the treasury shares).

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Assuming that the Proposed Share Buy-back is implemented in full and that the Shares purchased are from shareholders other than the Directors and/or substantial shareholders of the Company, its effects on the shareholdings of the Directors and/or substantial shareholders of the Company based on the Register of Directors and Register of Substantial Shareholders respectively as at the LPD are illustrated as follows: -

7.1 Directors

| | As at LPD | | | | After Proposed Share Buy-Back [@] | | | |
|--|-------------------------|--------------|--------------------------|--------------|--|--------------|--------------------------|--------------|
| | No. of Shares | | | | No. of Shares | | | |
| | Direct | % | Indirect | % | Direct | % | Indirect | % |
| Dato' Mohammed bin Haji Che Hussein | - | - | - | - | - | - | - | - |
| Dato' Lin Yun Ling | 75,035,736 | 2.99 | - | - | 75,035,736 | 3.32 | - | - |
| Dato' Ir. Ha Tiing Tai | 27,384,000 [#] | 1.09 | 87,000 [*] | ⁺ | 27,384,000 [#] | 1.21 | 87,000 [*] | ⁺ |
| Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah | 228,750 | 0.01 | 115,500,000 [^] | 4.60 | 228,750 | 0.01 | 115,500,000 [^] | 5.11 |
| Tan Sri Dato' Setia Haji Ambrin bin Buang | 4,000 | ⁺ | - | - | 4,000 | ⁺ | - | - |
| Tunku Afwida binti Tunku A.Malek | - | - | - | - | - | - | - | - |
| Nazli binti Mohd Khir Johari | - | - | - | - | - | - | - | - |
| Mohammed Rashdan bin Mohd Yusof (Alternate to Dato' Lin Yun Ling) | 457,500 [~] | 0.02 | - | - | 457,500 [~] | 0.02 | - | - |
| Dato' Ubull a/l Din Om (Alternate to Dato' Ir. Ha Tiing Tai) | - | - | - | - | - | - | - | - |

[@] Assuming the maximum of 251,352,765 Shares are bought-back by the Company and cancelled pursuant to the Proposed Share Buy-Back

^{*} Deemed interest through son

[^] Deemed interest through Generasi Setia (M) Sdn Bhd

[#] Held in own name and nominee name

[~] Held in nominee name

⁺ Negligible

7.2 Substantial Shareholders

| Substantial Shareholders | As at LPD | | | | After Proposed Share Buy-Back [@] | | | |
|---|---------------|-------|----------|---|--|-------|----------|---|
| | No. of Shares | | | | No. of Shares | | | |
| | Direct | % | Indirect | % | Direct | % | Indirect | % |
| Employees Provident Fund Board | 362,330,794 | 14.42 | - | - | 362,330,794 | 16.02 | - | - |
| Kumpulan Wang Persaraan (Diperbadankan) | 206,638,714 | 8.22 | - | - | 206,638,714 | 9.13 | - | - |

[@] Assuming the maximum of 251,352,765 Shares are bought-back by the Company and cancelled pursuant to the Proposed Share Buy-Back

8. PUBLIC SHAREHOLDING SPREAD

As at the LPD, the public shareholding spread of the Company was approximately 90.19%. If the Proposed Share Buy-back is implemented in full and assuming it will not reduce the number of Shares currently held by the Directors, the substantial shareholders of the Company or persons connected with the Directors and/or substantial shareholders, the public shareholding spread of the Company is expected to reduce to approximately 89.10%.

9. IMPLICATION RELATING TO THE CODE

As at the LPD, assuming the Proposed Share Buy-back is carried out in full, it would not result in any of the shareholders of the Company (and persons connected with them) increasing its shareholding in the Company to more than 33%.

Accordingly, the implementation of the Proposed Share Buy-back will not have any implications on the Company's shareholders with regards to the Code.

10. PURCHASES IN THE LAST FINANCIAL YEAR

The Company did not purchase any of its own Shares during the financial year ended 31 July 2020.

11. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of the Shares traded on Bursa Securities for the preceding 12 months are as follows: -

| Year | Month | High (RM) | Low (RM) |
|---|--------------|----------------------|---------------------|
| 2019 | October | 3.83 | 3.58 |
| | November | 3.88 | 3.58 |
| | December | 3.94 | 3.61 |
| 2020 | January | 4.30 | 3.80 |
| | February | 4.13 | 3.22 |
| | March | 3.45 | 2.36 |
| | April | 3.36 | 2.79 |
| | May | 3.92 | 3.17 |
| | June | 4.05 | 3.39 |
| | July | 3.75 | 3.23 |
| | August | 3.59 | 3.28 |
| | September | 3.60 | 3.24 |
| Last transacted market price on the LPD | | | 3.42 |

(Source: Gamuda)

12. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the inadvertent proportionate increase in the percentage of the shareholdings and/or voting rights in their capacity as shareholders of the Company as a consequence of the implementation of the Proposed Share Buy-back, none of the Directors or substantial shareholders of the Company or persons connected with them has any interest, direct or indirect, in the Proposed Share Buy-back.

13. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Share Buy-back, is of the opinion that the Proposed Share Buy-back is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-back to be tabled at the forthcoming 44th AGM.

14. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix for further information.

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors have seen and approved this Statement and they collectively and individually accept full responsibility for the accuracy of the information contained in it and confirm to the best of their knowledge and belief, after making all reasonable enquiries that, there are no other facts the omission of which would make any statement in this Statement misleading.

2. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Registered Office of Gamuda at Menara Gamuda, D-16-01, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (except for public holidays) from the date of this Statement up to and including the date of the 44th AGM:-

- (a) The Constitution of the Company; and
- (b) The audited financial statements of the Group and of the Company for the past two (2) financial years ended 31 July 2019 and 31 July 2020.

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