PROPOSED DEVELOPMENT OF WATER TREATMENT AND DISTRIBUTION INFRASTRUCTURE IN NORTHERN PERAK AND THE SALE OF TREATED WATER TO THE STATE OF PENANG FROM EXCESS RAW WATER

- EXECUTION OF BULK WATER SUPPLY AGREEMENT BETWEEN PRASARANA AIR DAN IRIGASI PERAK SDN BHD AND PERBADANAN BEKALAN AIR PULAU PINANG SDN BHD

1. INTRODUCTION

Reference is made to the announcements made by Gamuda Berhad [Co. Regn. No. 197601003632 (29579-T)] **("Gamuda" or "Company", and together with its subsidiaries, "Group")** on: -

- **16 July 2025** on the acceptance of the Letter of Appointment from the Perak State Government ("**Letter of Appointment**") for the development and operation of water treatment and distribution infrastructure in Northern Perak and the sale of treated water from excess raw water to the State of Penang, hereinafter referred to as **Northern Perak Water Supply Scheme ("NPWSS")**; and

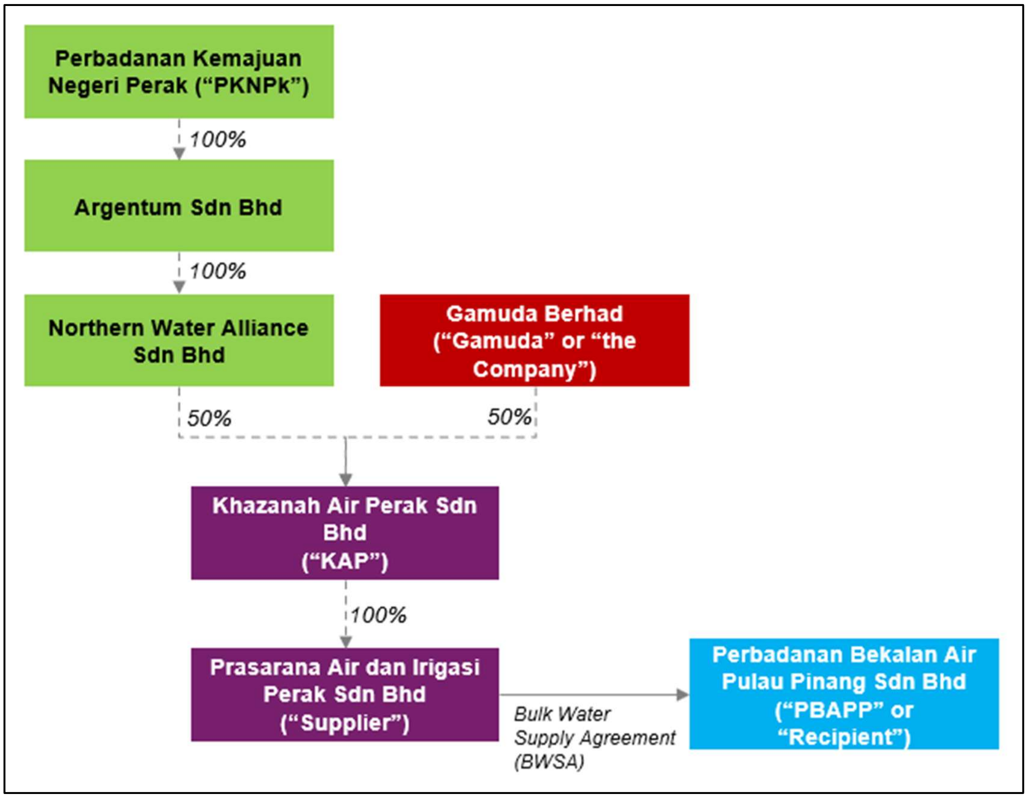
- **6 November 2025** on the Memorandum of Understanding **("MOU")** entered into with Perbadanan Bekalan Air Pulau Pinang Sdn Bhd **("PBAPP")** relating to supply and sales of treated water from excess raw water.

- **15 May 2026, 3 July 2026, and 13 July 2026** on the extension of deadline under the MOU for the execution of the Bulk Water Supply Agreement ("**BWSA**")

Subsequent to the **Letter of Appointment** and the **MOU**, Khazanah Air Perak Sdn Bhd [Co. Regn. No. 202601004179 (1666276-U)] **("KAP")** was incorporated as a 50:50 joint venture company between Gamuda and Perbadanan Kemajuan Negeri Perak **("PKNPk")** to undertake the NPWSS.

The Company wishes to announce that KAP's wholly owned subsidiary, Prasarana Air dan Irigasi Perak Sdn Bhd [Co. Regn. No. 202601004344 (1666441-U)] (hereinafter referred to as **"Supplier"**) has on 15 July 2026, entered into the **BWSA** with PBAPP ("**Recipient**") governing the sale, supply and purchase of treated water, from excess raw water, under the NPWSS for the benefit of the States of Perak and Penang.

The shareholding and transaction structure are detailed in the diagram below:



2. BACKGROUND OF NPWSS

NPWSS is a strategic initiative by the Perak State and Federal Governments to address long-standing water shortages for irrigation, domestic and industrial use in the northern region of Perak.

The NPWSS is designed to transfer 1,500 million litres per day **("MLD")** of raw water from Sungai Perak to Bukit Merah Dam, with 500MLD of raw water designated for the immediate irrigation needs of Northern Perak. The balance 1,000MLD is intended to meet Perak's domestic and industrial water demands, including the supply of treated water to the Kerian Integrated Green Industrial Park, with the available surplus used for the sale of treated water to Penang state.

3. PURPOSE AND SCOPE OF THE BWSA

The BWSA establishes the long-term commercial framework for the 40-year treated water supply arrangement, governing the sale, supply and purchase of treated water between Supplier and Recipient. The supply of treated water is from a water treatment plant located in Kerian, Northern Perak ("Water Treatment Plant"), to the border of the State of Penang.

4. SALIENT TERMS OF THE BWSA

The salient terms of the BWSA are summarised as follows:

No.	Item	Terms
1	**Supply Start Date**	The target date for the commencement of supply of treated water ("Supply Start Date") is 31 March 2032, subject to satisfaction of the conditions under item 7 below and the following conditions: (i) Completion of the Water Treatment Plant and raw water transfer works from Sungai Perak to Bukit Merah Dam; and (ii) Receipt of all necessary regulatory approvals including from the National Water Services Commission under the Water Services Industry Act 2006.
2	**Supply Period**	**40 years** from the Supply Start Date, being a targeted commencement in 2032 with the Supply Period ending in 2072.
3	**Supply Quantity**	Recipient minimum offtake of **300 MLD** and up to **500 MLD** being the maximum Water Treatment Plant design capacity, with any supply above 300MLD being subject to agreement by Supplier and approval by the Perak State Government.
4	**Supply Quality**	National Standard for Drinking Water Quality 2004, issued by the Ministry of Health Malaysia.
5	**Bulk Supply Charges**	Bulk Supply Charges = Capacity Charges (“**CC**”) + Supply Charges (“**SC**”) + Variation in Chemical Costs (“**VCC**”) + Variation in Electricity Costs (“**VEC**”) + if any, Extraordinary Costs (“**EC**”) (i) **CC**: a rate of approximately **RM1.1507 to RM1.9178** *per cubic metre* based on minimum offtake, equivalent to approximately RM210 million per annum. (ii) **SC: RM1.70** *per cubic metre* (starting rate), subject to escalation of 11.75% every 3 years from the Supply Start Date. Before the 22nd year of the Supply Period, the Recipient may request to negotiate the rate of increase (11.75%) in the SC.

		(iii) **VCC**: chemical cost escalation pass-through capped at 4% per annum. (iv) **VEC**: electricity cost escalation pass-through capped at 4% per annum. (v) **EC**: cost escalation arising from causes beyond the Supplier's control, such as changes in law and compliance with environmental or social obligations.

5. RATIONALE

The signing of the BWSA marks a key milestone in the implementation of the NPWSS, establishing the commercial framework for the long-term supply of treated water to Penang.

The committed minimum offtake of 300 MLD over the 40-year Supply Period is expected to provide long-term revenue visibility to the Supplier and recurring earnings potential to the Company through its 50% interest in KAP.

The Bulk Supply Charges are structured to reflect the long-term nature of the arrangement. The Capacity Charges enable the Supplier to recover the fixed costs associated with continuous availability of the committed treatment capacity and related infrastructure, while the Supply Charges reflect the ongoing costs of operating and maintaining the water supply system. Adjustments for variations in chemical and electricity costs are pass-through in nature and subject to annual limit as prescribed above.

The BWSA will provide the Company with recurring earnings from the sale of treated water upon commencement of supply, while Penang will receive a new source of treated water over the 40-year supply period.

6. RISKS

The BWSA is subject to the normal business risks inherent in large-scale infrastructure and utility concessions, including but not limited to:

(i) Completion risk, being the risk of delay in the completion and commissioning of the Water Treatment Plant and the raw water transfer works from Sungai Perak to Bukit Merah Dam;

(ii) Regulatory risk, including the risk that the requisite registrations and approvals, including from the National Water Services Commission, are delayed or not obtained, and the risk of changes in laws, regulations or government policies affecting the development, operation or economics of the NPWSS; and

(iii) Operational risk, being the risk that the supply of treated water may be interrupted, reduced or suspended due to operational events or events beyond the parties' control, including force majeure events affecting raw water availability or the water supply system.

The Company will seek to mitigate these risks through its experience in the delivery and operation of large-scale infrastructure projects, proactive engagement with the relevant authorities, and the contractual safeguards under the BWSA.

7. APPROVALS REQUIRED

Upon execution, the BWSA shall only become effective upon the satisfaction of the following conditions: -

(i) Registration of the BWSA with the National Water Services Commission;

(ii) The approval of the shareholders of PBA Holdings Berhad (parent company of the Recipient) no later than 30 November 2026; and

(iii) The execution of a definitive agreement between the Perak State Government and KAP, following the Letter of Appointment, for NPWSS no later than 30 November 2026.

8. FINANCIAL EFFECT OF NPWSS AND BWSA

The execution of the BWSA is **not expected** to have any immediate material effect on the earnings, EPS, net assets, gearing or share capital of the Group for the financial year ending 31 July 2026.

The NPWSS project is expected to contribute positively to the future earnings for Gamuda group of companies through the development and construction of the project infrastructure, followed by recurring income from the supply, operation and maintenance activities upon commencement of the water supply.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSON CONNECTED

None of the Directors and/or major shareholders of the Company, and/or persons connected with them, has any interest, whether direct or indirect, in the BWSA.

Gamuda will make the necessary announcement to Bursa Malaysia of any material developments.

This announcement is dated 15 July 2026.

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