

# RM9bil in land sales revenue

> FROM PAGE 3

27 MAR 2021

According to UOB, Gamuda expects Phase 1 to generate land sales revenue of RM8bil to RM9bil over a period of up to seven years, with sales to commence in the fourth year after the reclamation starts.

Despite the thorough studies done by Gamuda before committing to the project, UOB believes that there are "still" execution risks and uncertainties over its ability to sell the land in the future, which could pose a significant downside risk to its financial position.

"The company's decision to commit to this project is mainly to take advantage of the E&E supply chain decoupling from China, but there is no certainty that the trend will persist," it says.

The announcement of the PSI project failed to excite investors as the consortium has yet to receive approval from the environmental management plan (EMP). Yesterday, shares in Gamuda declined by 3.5% to RM3.57 apiece.

Gamuda says the Environmental Impact Assessment (EIA) for the PSI project was approved by the Environmental Department (DoE) on 25 June 2019 with 72 conditions.

One of the conditions was preparing an EMP for approval before starting work to reclaim the islands.

"On January 6, the latest revision on the EMP was made and submitted to Penang DoE. The project proponent is now waiting for Penang DoE's update on the EMP's status," Gamuda says.

Gamuda says the survey works and soil investigations would begin next Monday, which are only preliminary works that do not require an EMP approval.