

ACQUISITION OF A 13.8 ACRES RESIDENTIAL PLOT OF LAND IN BINH DUONG NEW CITY (“UG5.6 LAND”) AS PART OF GAMUDA BERHAD GROUP’S EXPANSION PLAN IN VIETNAM (“BINH DUONG ACQUISITION”)

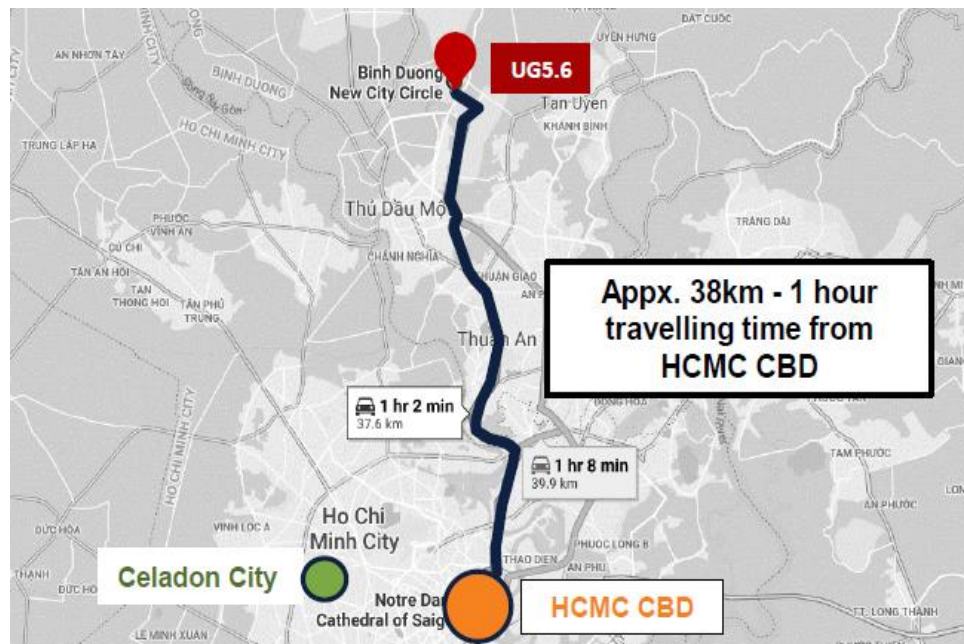
1. INTRODUCTION

The Board of Directors (“Board”) of Gamuda Berhad [Co. Regn. No. 197601003632 (29575-T)] (“Gamuda” or “Company”) wishes to announce that its wholly owned foreign sub-subsidiary in Vietnam, Gamuda Land HCMC Joint Stock Company (“GL HCMC JSC”) has continued its strong growth trajectory in Vietnam with the strategic Binh Duong Acquisition on 15 October 2021.

The UG5.6 Land is part of a 2,600-acre integrated township set to be the administrative centre of the nation’s affluent Binh Duong province in Vietnam.

2. DETAILS OF BINH DUONG ACQUISITION

(a) Site Location



(b) Brief details of UG5.6 Land

Size	13.8 acres (5.6 hectares)
Title	Freehold
Land Use	Residential
Existing Use	Vacant land complete with infrastructure
Market Value	USD56.1 million (VND1,301 billion) (equivalent to RM235.9 million) - valued by Coldwell Banker Richard Ellis (“CBRE”) using the comparison method

Purchase Price	USD53.88 million (VND1,250 billion) (equivalent to RM228.5 million)
Approach	Project transfer of UG5.6 Land ("Project Transfer")
Mode of Payment	<ul style="list-style-type: none"> 48% or USD25.86 million (VND600 billion) deposit payment to be made to an Escrow Account designated by GL HCMC JSC; to be released after issuance of Project Transfer Approval and the notarized Project Transfer Agreement is signed; Balance of 52% or USD28.02 million (VND650 billion) to be made once GL HCMC JSC has been registered as the owner of the UG5.6 Land in the Land Use Rights Certificate ("LURC").
Proposed development	349 units of landed properties targeted at local market.

(c) Vendor Background

Vendor / Registered Owner	Binh Duong Trade and Development Joint Stock Company ("TDC") - a state-owned company formed in 2015 and listed on Ho Chi Minh City Stock Exchange
Shareholders	46.7% - Becamex IDC Corp ("Becamex") 53.3% - Non-state-owned enterprise/ individuals
Chartered Capital	USD43.1 million
Corporate Structure	<pre> graph TD B[Becamex (Market Cap: USD 2.4 bil)] --> TDC[TDC (Subsidiary holding UG5.6 land) (Market Cap: USD 79.1 mil)] B --> O[27 other subsidiaries] </pre>
Principal activity	Property development, construction, & manufacturing
Current General Director	Mr. Doan Van Thuan

(d) Conditional Period

There is no conditional period to be fulfilled.

(e) Liabilities to be Assumed

There are no liabilities to be assumed by GL HCMC JSC arising from the Binh Duong Acquisition.

5. RATIONALE OF BINH DUONG ACQUISITION

Known as a country with a young demographic and growing middle-income group as disposable income grows in tandem with the economy, Vietnam has been attracting companies looking to tap into its growing consumer purchasing power.

Gamuda remains committed to deepening its presence in the Vietnamese market, which presents an attractive proposition to international developers thanks to strong fundamentals.

These include consistent gross domestic product (“GDP”) growth of 6-7% in recent years, a population of more than 104 million by 2030, high yields for property investments and relatively affordable land prices, as well as the introduction of conducive foreign ownership regulations in 2015.

The Binh Duong Acquisition is in line with Gamuda emphasis on international projects in its portfolio, which accounted for two-thirds of its property sales in FY2021. This strategy has seen the Group through the challenging economic outlook of recent quarters, providing stable lines of revenue amid weaker sentiment and currency fluctuations in the domestic market.

6. PROSPECTS OF BINH DUONG ACQUISITION

Sited in Le Hoan Street in the heart of Binh Duong New City (as illustrated on page 1 hereof), with proximity to the upcoming World Trade Centre, the project development on the UG5.6 Land will be market-driven, catering for the township’s growing residential and commercial demographics with a mix of townhouses and shophouses giving homeowners the flexibility to conduct business on-premise (“Project Development”).

The Project Development leverages on the presence of numerous educational institutes nearby, including The Vietnamese-German University and Singapore International School, as pull factors for family households and a high-quality workforce. Binh Duong New City’s 185-acre Central Park also serves to drive footfall in the vicinity, while accessibility to major routes such as Ring Road 4, the My Phuoc–Tan Van Highway, upcoming MRT (Mass Rapid Transit) and BRT (Bus Rapid Transit) networks and planned North-South Railway facilitates travel to destinations across Southeast and Southwest Vietnam, including Ho Chi Minh City 32km away.

7. RISK OF BINH DUONG ACQUISITION

No risk of the UG5.6 Land been revoked/forfeited by the Government since the Land Use Rights Certificate (“LURC”) has been issued in 2015 with freehold title while the LURC fee has also been paid in full.

Planning approval is also in place for the UG5.6 Land with master infrastructure completed with LURC issued hence, enabling a fast development timeline of four years since construction may commence immediately after the Project Transfer.

8. FINANCIAL EFFECTS OF BINH DUONG ACQUISITION

(a) Share capital and shareholdings of substantial shareholders

The Binh Duong Acquisition will not have any effect on the total issued paid-up share capital and substantial shareholders’ shareholdings of Gamuda as the Binh Duong Acquisition does not involve any issuance of Gamuda shares.

(b) Net Assets (“NA”) and NA Per Share

The Binh Duong Acquisition is not expected to have any material effect on the NA and NA per share of the Gamuda Group.

(c) Earnings and earnings per share

With a gross development value of USD117 million (RM495 million), the Binh Duong Acquisition is set to contribute to the earnings of the Gamuda Group.

(d) Gearing

The Purchase Consideration will be funded by internally generated funds and hence, the Binh Duong Acquisition will not have an impact on the gearing of the Gamuda Group.

9. PERCENTAGE RATIO

The highest percentage ratio applicable for the Binh Duong Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, based on the latest audited consolidated financial statements of Gamuda for the financial year ended 31 July 2020 is 2.68%. Based on the latest announced quarterly consolidated financial statements of Gamuda, the highest percentage ratio applicable for the Binh Duong Acquisition is 2.49%.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the Binh Duong Acquisition is expected to be completed by the third quarter of 2022.

11. APPROVALS REQUIRED

The Binh Duong Acquisition is not subject to the approval of the shareholders of the Company.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the Directors and major shareholders of Gamuda and/or persons connected to them have any interest, direct or indirect, in the Binh Duong Acquisition.

The valuer, CBRE engaged for the Binh Duong Acquisition is also an independent party.

13. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Binh Duong Acquisition, is of the opinion that it is in the best interest of the Gamuda Group.

14. DOCUMENTS FOR INSPECTION

The In-Principle Agreement for the Project Transfer is 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 business hours from Mondays to Fridays (except public holidays) for a period of one (1) month from the date of this announcement.

This announcement is dated 18 October 2021.