

## PROPOSED JOINT VENTURE TO DEVELOP A 187.5MW HYDROELECTRIC POWER PLANT IN TENOM, SABAH THROUGH A PRIVATE FINANCE INITIATIVE

### 1. INTRODUCTION

The Board of Directors (“**Board**”) of Gamuda Berhad (“**Gamuda**”) is pleased to announce that a Joint Venture Agreement (“**JVA**”) has been entered on 30 October 2023 between the following parties, for respective equity interest in UPP Holdings Sdn Bhd (Co. Regn No 202301035316 (1529239-U)) (“**JV Company**”), as follows:-

No	Parties	Co Regn No	Equity Interest
1	Gamuda Berhad	197601003632 (29579-T)	45%
2	Sabah Energy Corporation Sdn Bhd (“ <b>SEC</b> ”)	199601009602 (381950-H)	40%
3	Kerjaya Kagum Hitech JV Sdn Bhd (“ <b>KKHJV</b> ”)	201501022501 (1147830-V)	15%

(Collectively, the 3 parties above are referred to as the “**JV Partners**”.)

The purpose of the joint venture is to undertake a private finance initiative to develop the Upper Padas Hydroelectric Power Plant, a hydroelectric dam to be located in Tenom, Sabah, with planned maximum generating capacity of 187.5MW (“**the Project**”). The Project will be delivered via a wholly owned subsidiary of the JV Company, namely Upper Padas Power Sdn Bhd (Co. Regn No. 201801012549 (1274565-P)) which will fulfil the role as project developer (“**the Project Developer**”).

The joint venture arrangement and the Project shall be herein be collectively referred as “**Proposed Joint Venture**”.

The Project is estimated to have a construction period of 5 years and an initial operating period of 40 years. As part of the Proposed Joint Venture, a Power Purchase Agreement (“**PPA**”) is to be finalised and entered into between the Project Developer and the offtaker, Sabah Electricity Sdn Bhd (Co. Regn. No. 199801006745 (462872-W)) (“**SESB**”).

### 2. DETAILS OF SEC

SEC is a Sabah state Government-linked company incorporated on 1 April 1996 with its principal activities being investment holding, gas retailing and renting of properties. SEC has total issued capital of about RM300 million and is mainly held under the Chief Minister, State of Sabah.

SEC’s board of directors consists of:-

- YB Datuk Annuar Ayub (Chairman).
- YB Datuk Hassan A Gani Pg Amir (Deputy Chairman).
- YB Datuk Seri Panglima Sr. Haji Safar Bin Untong, JP.
- YBhg. Datuk Mohd Sofian Alfian Nair.
- YBhg. Datuk Saddi Bin Abdul Rahman.
- YB Dato’ Indera Dr. Suhaili Bin Abdul Rahman.
- YBhg. Datuk Lasiah Baranting @ Anita.

- h) YBrs. Ir. Rohan Bin Ahmat.
- i) YBrs. Afizal Bin Aldin.

### 3. DETAILS OF KKHJV

KKHJV was incorporated on 10 June 2015 with construction of power plant as its principal activity. KKHJV has an issued capital of RM2 million which are held by the following 2 shareholders:-

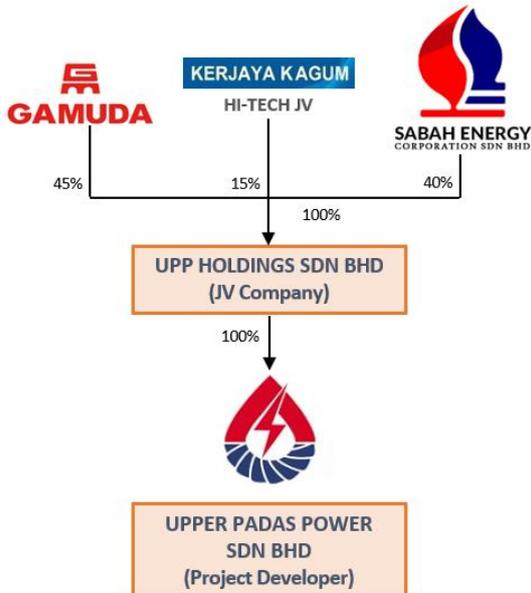
- a) Kerjaya Kagum Sdn Bhd (Co. Regn. No. 201101041429 (969552-D)) (70%); and
- b) Lim Chin Hong (30%).

Kerjaya Kagum Sdn Bhd is a wholly owned subsidiary of Conlay Land Sdn Bhd (Co. Regn. No. 200901034788 (877902-X)). KKHJV's board of directors consists of:-

- a) Chu Chee Choon.
- b) Lim Lian Chee.
- c) Lim Chin Hong.

### 4. DETAILS OF JV COMPANY

The proposed shareholding structure of the JV Company and the Project Developer is as below:-



The principal activity of the JV Company is to carry out the sole business of holding the entire equity in the Project Developer.

The current paid up capital of the JV Company is RM1 with 1 ordinary share issued. Further capital enlargement will be done at the appropriate stage to inject funds into the Project Developer for it to meet funding requirements of the Project, the amount of which is to be determined subject to final project cost and funding, including the final tariff which is currently subject to review and approval by Suruhanjaya Tenaga.

Gamuda will make due announcement on the tariff details and developments on the PPA once approval is obtained. It is the JV Partners' intention for the Project Developer to execute the PPA by first half of 2024.

## **5. DETAILS OF PROJECT**

The Project will be located in Tenom and Sipitang districts of Sabah. Subject to the PPA being signed, construction work is planned to commence in the first half of 2024 and will take approximately five (5) years to complete.

The total project cost is estimated to be about RM4 billion, including interest during construction.

## **6. SALIENT TERMS OF THE JOINT VENTURE AGREEMENT**

- a) The JV Partners shall procure the Project Developer to enter into a PPA with SESB for an energy offtake period of no less than 40 years.
- b) The Project Developer shall appoint a consortium comprising Gamuda and KKHJV as turnkey contractor for the Project.
- c) The Project Developer shall use not less than 40% local Sabah services and contractors for the Project, as far as reasonably practicable.
- d) The board of directors of the JV Company shall comprise maximum eight (8) directors. Four (4) directors to be nominated by Gamuda, three (3) directors by SEC and one (1) by KKHJV. One of the 3 directors nominated by SEC will be the chairman with no casting vote.
- e) Gamuda has the right to select the senior management team, consultants and advisors of the Project Developer, in consultation with the other shareholders. SEC is entitled to select one (1) senior management position in the Project Developer.
- f) The JVA will become effective after the JV Partners are registered as shareholders in the JV Company i.e. after the approval of the relevant authorities including Suruhanjaya Tenaga.

## **7. RATIONALE OF PROPOSED JOINT VENTURE**

Sabah currently only has less than 12% reserve margin of electricity supply and coupled with increasing demand by the industrial sector for green energy, there is a need to further increase electricity generation to ensure a stable base load.

As published in Sabah Energy Roadmap and Master Plan 2040, the State currently has a dependable capacity for electricity of approximately 1,180 MW as of 2021. This Project upon completion, will provide additional generation capacity of 187.5MW for Sabah, delivering up to 1,052GWh of clean energy per annum.

The Project is also in line with Gamuda's long-term ESG strategy and commitment.

## **8. SOURCE OF FUNDS FOR THE PROPOSED JOINT VENTURE**

It is the intention of the JV Partners to fund the Proposed Joint Venture via a combination of internally generated funds and borrowings with minimum debt to equity ratio of 80:20.

## **9. FINANCIAL EFFECTS OF PROPOSED JOINT VENTURE**

### **(a) Share capital and shareholdings of substantial shareholders**

The Proposed Joint Venture will not have any effect on the total issued paid-up share capital and substantial shareholders' shareholdings of Gamuda as the Proposed Joint Venture does not involve any issuance of Gamuda shares.

### **(b) Earnings and Net Assets ("NA")**

The Proposed Joint Venture will not have any material effect on the earnings or NA of the Group for the financial year ending 31 July 2024. The Project is expected to contribute positively to Gamuda upon commencement of construction for the next 45 years.

### **(c) Gearing**

The Proposed Joint Venture will not have any effect on the gearing of Gamuda.

## **10. PERCENTAGE RATIO**

The highest percentage ratio applicable for the Proposed Project 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 2023 is 3.57%.

## **11. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring unforeseen circumstances, the Project is expected to start construction in 2024 with commercial operation to start in 2029.

## **12. SHAREHOLDER APPROVAL NOT REQUIRED**

The Proposed Joint Venture is not subject to approval from the shareholders of Gamuda.

## **13. 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 Proposed Joint Venture.

## **14. DIRECTORS' STATEMENT**

The Board, after having considered all aspects of the Proposed Joint Venture, is of the opinion that it is in the best interest of Gamuda.

This announcement is dated 30 October 2023.