



ANNOUNCEMENT: CONCESSION AGREEMENT BETWEEN LEMBAGA PEMBANGUNAN LANGKAWI (“LADA”), BDBMBI LANGKAWI VENTURES SDN BHD (“BDBMBI”) (“BDBMBI” or “THE CONCESSION COMPANY”) AND BINA DARULAMAN BERHAD (“BDB” or “THE COMPANY”)

1.	<p>INTRODUCTION</p> <p>Further to the announcement made on 14 December 2020 and 2 August 2021 pertaining to the joint venture between BDB and Menteri Besar Kedah Incorporated (“MBI”), the Company wishes to announce that on 21 September 2021, the Concession Company and the Company had entered into a Concession Agreement (“Agreement”) with LADA (collectively referred to as the “Parties” and each as a “Party”) to develop part of the land owned by LADA held under H.S.(D) 1156, PT 279, Bandar Padang Mat Sirat, Daerah Langkawi, Negeri Kedah Darul Aman measuring approximately 197,446.299 square meters (equivalent to 40 acres) (herein after defined as “Property”) (“Project Site”) in phases into an Integrated Development consisting of Premium and Duty Free Outlet, Tourism and Culture Village, Retail, <i>F&B</i> Outlets, Green Areas and Boutique Hotels embracing traditional elements with “Eco-Friendly” concept wherever applicable, incorporating the use of green roof, rain water harvesting solution and applying a natural ventilated atrium and natural lighting as well as solar power wherever feasible; collectively hereafter referred to as the Project.</p>
2.	<p>INFORMATION ON LADA</p> <p>LEMBAGA PEMBANGUNAN LANGKAWI (LANGKAWI DEVELOPMENT AUTHORITY), a statutory corporation established under the Lembaga Pembangunan Langkawi Act 1990 (Act 423) (“the Act”) and having its principal place of business at Kompleks LADA, Peti Surat 60, Jalan Persiaran Putra, 07000 Kuah, Langkawi, Kedah Darul Aman.</p>

3.	<p>INFORMATION ON BDBMBI</p> <p>BDBMBI LANGKAWI VENTURES SDN BHD [Registration No. 199601014681 (No. 387031-V)], a company incorporated in Malaysia under the Companies Act 2016 and having its registered address and business address at Aras 9, Menara BDB, 88 Lebuhraya Darulaman, 05100 Alor Star, Kedah Darul Aman. The Concession Company is a subsidiary of BDB which own 80% of the shares and MBI holds the balance of 20%.</p>
4.	<p>INFORMATION ON BDB</p> <p>BINA DARULAMAN BERHAD [Registration No. 199501003751 (No. 332945-X)], a company incorporated in Malaysia under the Companies Act 2016 and having its registered address at Aras 9, Menara BDB, 88 Lebuhraya Darulaman, 05100 Alor Star, Kedah Darul Aman.</p>
5.	<p>INFORMATION ON THE PROJECT</p> <p>The development and management of premium branded outlets in Langkawi throughout the Concession Period (as defined below). This will be a Langkawi iconic development incorporating "green and sustainable elements" including the preservation of nature and sustainable development elements.</p>
6.	<p>The salient terms of the Agreement are as follows:-</p> <p><u>PURPOSE OF AGREEMENT</u></p> <p>LADA, BDBMBI and BDB are desirous to explore commercialization of the Project to further complement, boost and showcase Langkawi and its many attractions as a primary shopping, cultural and tourist destination in Malaysia.</p>

CONDITIONS PRECEDENT

Conditions to be fulfilled by the Concession Company:-

- (a) the approvals from Planning Permission and Building Plans in respect of the Project from the Relevant Authority within two (2) years from the date of the Agreement;
- (b) written approval of LADA (in LADA's capacity as the registered proprietor of the Property) for submitting the application for the Planning Permission and Building Plans including any amendment which is required to be made on the said application of the Planning Permission and Building Plans to the Relevant Authority; and
- (c) the development of the Project on a phase to phase basis based on the following concepts:-
 - i. Eco-friendly and sustainable development (to incorporate concepts of low carbon city, smart city, green initiative, intelligent building, and other recognized ratings in relation to sustainable development);
 - ii. Restoration and preservation of natural habitat within the Project;
 - iii. Iconic designs representing traditional Malay culture, Langkawi legends, Langkawi iconic products or other suitable proposals subject to LADA's written approval and
 - iv. Single/double storey.
- (d) the development shall be carried out in accordance in several phases. The development of all phases shall be completed within the time frame of seven (7) years and consists of Malaysian Designer Outlet with F&B, Premium Designer Outlet (A), Parking Lots (5-storey), Premium Designer Outlet (B), Commercial Units and Service Roads, Amenities & Green Areas.

CONCESSIONARY RIGHTS

Subject to the terms and conditions of this Concession Agreement and upon BDB standing as guarantor for the successful development of the Project by the Concession Company, LADA hereby grant the Concession Company, the rights and authorities based on build, operate and transfer:

- (a) to undertake the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the Project; and
- (b) to have exclusive possession and rights over the Project Site for the Concession Period and the extended Concession Period as the case may be, in accordance to the terms and conditions of the Agreement.

and the Concession Company hereby accepts the grant of the concession at its own risk, liability, cost and expense.

CONCESSION PERIOD

Subject to the terms and conditions of the Agreement, the concession Period shall be for thirty (30) years commencing from 1st May 2021 ("Concession Period"). The vacant possession of the Project Site has been delivered to and utilized by the Concession Company on 14th May 2020.

PAYMENT AND FINANCIAL OBLIGATION

The Concession Company will be commencing the yearly concession fee to LADA starting 1st May 2023 and detail as follows:-

- (a) The Yearly Concession fee of RM1,024,375.00 for twenty eight (28) years with effect from 1st May 2023 until expiry of the Concession Period. This

	<p>payment shall be payable by the Concession Company to LADA on or before the 1st day of May of each calendar year.</p> <p>(b) The yearly Concession Payment shall be reviewed for every five (5) year period with LADA's right of increment at the minimum rate of two per cent (2%) and maximum rate of five per cent (5%) subject to the performance of the Concession Company.</p> <p><u>PROJECT FINANCING</u></p> <p>The Concession Company shall if it so elects, secure on its own the necessary and adequate project financing to undertake the Project to cover all the necessary costs related thereto including any other amount relevant to cover the necessary payments, charges or fees that will be borne by the Concession Company in its capacity as the developer for the construction works.</p> <p><u>COMPLETION OF CONSTRUCTION WORKS</u></p> <p>The completion of the construction works shall only occur when the final Certificate of Completion and Compliance ("CCC") is issued by a qualified Architect in charge of the Project without any conditions attached thereto. If the CCC is conditional, completion of construction works shall only occur when the relevant authority has certified that the conditions have been fulfilled.</p>
7.	<p>RATIONALE OF THE CONCESSION</p> <p>The rationale and prospect for the Project are as follows:</p> <p>(a) The Project would be a strategic opportunity combining the expertise and strength of the parties to develop, promote, stimulate, facilitate and undertake economic and socio economic development in the area or areas</p>

	<p>and further to explore commercialization of the Project Site to further complement, boost and showcase Langkawi and its many attractions as a primary shopping, cultural and tourist destination in Malaysia.</p> <p>(b) The Project will initiate an environmentally friendly design by having an “Eco-Friendly” concept wherever applicable, allowing the usage of green roof, solar powered, natural lighting, rainwater harvesting capabilities; and</p> <p>(c) The Project shall contribute positively to the Company’s future earnings and strengthen its financial position moving forward.</p>
8.	<p>FINANCIAL EFFECT OF CONCESSION AGREEMENT</p> <p>The execution of the Agreement is not expected to have any material effect on the earnings, net assets and gearing of BDB for the current financial year ending 31 December 2021. Nonetheless, BDB expects a positive contribution to its earnings in the future should the collaboration be finalized and successfully commercialised. The execution of the Agreement has no effect on the issued and paid-up share capital and the substantial shareholders’ shareholdings of BDB.</p>
9.	<p>DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTEREST</p> <p>Dato’ Asri bin Hamidin @ Hamidon is the Senior Independent Director (“SID”) of BDB and the Secretary General of Treasury in the Ministry of Finance (“MOF”). LADA is one of the agencies under MOF.</p> <p>Tuan Haji Muhamad Sobri bin Osman is a Non Independent Non Executive Director of BDB and he is also the Chief Executive Officer of MBI and one of the Directors in BDBMBI.</p>

10.	APPROVALS REQUIRED The execution of the Agreement is not subject to the approval of the shareholders of the Company or any relevant authorities.
11.	STATEMENT BY DIRECTORS The Company having taken into consideration all aspects of the Project is of the opinion that the Project is in the best interest of BDB group of companies.

This announcement is dated 21 September 2021.