

GAMUDA BERHAD ("GAMUDA" OR THE "COMPANY")

PROPOSED ACQUISITION BY GAMUDA OF THE REMAINING 70% EQUITY INTEREST IN KESAS HOLDINGS BERHAD ("KESAS HOLDINGS") NOT HELD BY GAMUDA ("PROPOSED ACQUISITION")

1. INTRODUCTION

We refer to the announcement dated 4 November 2013 on the offers by Gamuda to acquire the remaining equity interest in Kesas Holdings not held by Gamuda ("**Offer**"). On 18 December 2013, Gamuda received an acceptance in principle from Amcorp Properties Berhad ("**Amcorp Properties**") in relation to the Offer.

On 23 December 2013, Gamuda made new offers ("**New Offers**") to the remaining shareholders of Kesas Holdings who had not accepted the Offer, namely, Perbadanan Kemajuan Negeri Selangor ("**PKNS**") and Permodalan Nasional Berhad ("**PNB**"), to acquire their respective entire equity interest in Kesas Holdings at a revised purchase consideration. On the same day, Gamuda received an acceptance in principle from PNB in relation to the New Offer. In line with the New Offers, Gamuda revised the purchase consideration of the Offer accepted by Amcorp Properties. As at the closing date for acceptance of the New Offers on 30 December 2013, no acceptance was received from PKNS and accordingly, the New Offer from Gamuda to PKNS has lapsed.

On behalf of the Board of Directors of Gamuda ("**Board**"), CIMB Investment Bank Berhad ("**CIMB**") wishes to announce that Gamuda had today entered into a conditional share purchase agreement ("**SPA**") with Amcorp Properties for the acquisition of up to 20% equity interest in Kesas Holdings held by Amcorp Properties ("**Proposed Amcorp Acquisition**").

Following PNB's request for an extension of time for the execution of its SPA with Gamuda ("**Gamuda-PNB SPA**") for the acquisition by Gamuda of up to 20% equity interest in Kesas Holdings held by PNB ("**Proposed PNB Acquisition**"), Gamuda has today granted an extension of time to PNB until 7 February 2014 for the execution of the Gamuda-PNB SPA.

2. THE PROPOSED ACQUISITION

2.1 Details of the Proposed Acquisition

The Proposed Acquisition involves the acquisition of up to 3,500,000 ordinary shares of RM1.00 each in Kesas Holdings ("**Kesas Holdings Shares**") and 326,140,388 non-cumulative redeemable preference shares of RM1.00 each in Kesas Holdings ("**Kesas Holdings RPS**") representing the remaining 70% equity interest in Kesas Holdings from PKNS, PNB and Amcorp Properties (the "**Vendors**"), for a total purchase consideration of RM980 million ("**Purchase Consideration**") to be satisfied fully in cash. The Kesas Holdings Shares and Kesas Holdings RPS to be acquired pursuant to the Proposed Acquisition shall be transferred to Gamuda free from all encumbrances and together with all rights, benefits and entitlements attached thereto.

Pursuant to the Proposed Amcorp Acquisition, Gamuda had today entered into an SPA with Amcorp Properties to acquire up to 1,000,000 Kesas Holdings Shares and 93,182,968 Kesas Holdings RPS representing 20% equity interest in Kesas Holdings for an aggregate purchase consideration of RM280 million ("**Gamuda-Amcorp SPA**").

Gamuda will enter into an SPA with PNB for the acquisition of up to 1,000,000 Kesas Holdings Shares and 93,182,968 Kesas Holdings RPS representing 20% equity interest in Kesas Holdings for an aggregate purchase consideration of RM280 million. PNB has been granted an extension of time until 7 February 2014 to execute the Gamuda-PNB SPA.

Upon completion of the Proposed Amcorp Acquisition and/or the Proposed PNB Acquisition, Gamuda's shareholdings in Kesas Holdings will increase from 30% to more than 33%. Pursuant to Section 218(2) of the Capital Markets & Services Act, 2007 ("**CMSA**") and Section 9(1) of the Malaysian Code on Take-Overs and Mergers, 2010 ("**Code**"), Gamuda will be obligated to extend a mandatory take-over offer to PKNS for the remaining 1,500,000 Kesas Holdings Shares and 139,774,452 Kesas Holdings RPS not owned by Gamuda after the Proposed Amcorp Acquisition and Proposed PNB Acquisition for an aggregate purchase consideration of RM420 million ("**MGO**").

Gamuda will not be assuming any of the liabilities of Kesas Holdings (including contingent liabilities and guarantees) pursuant to the Proposed Acquisition.

2.2 Salient terms of the Gamuda-Amcorp SPA

2.2.1 The completion of the Proposed Amcorp Acquisition is conditional upon fulfillment, or waiver by Gamuda, as the case may be, of the following conditions precedent ("**Conditions Precedent**"):

- (i) the approval of the shareholders of Amcorp Properties for the disposal of up to 1,000,000 Kesas Holdings Shares and 93,182,968 Kesas Holdings RPS to Gamuda; and
- (ii) the approval, consent or waiver of any relevant regulatory authorities, the Government of Malaysia ("**Government**") or any relevant ministry, where required, for the Proposed Amcorp Acquisition on terms acceptable to Gamuda and which will not materially and adversely affect Amcorp Properties.

2.2.2 If any of the Conditions Precedents are not satisfied or waived within 4 months from 18 December 2013 ("**Cut-off Date**") (or such longer period as Gamuda and Amcorp Properties may agree), then the Gamuda-Amcorp SPA shall lapse and none of the parties shall have any claim against the other under the Gamuda-Amcorp SPA, save for any claims arising from antecedent breaches of the Gamuda-Amcorp SPA. If Amcorp requires a longer period to satisfy the Condition Precedent set out in 2.2.1(i), Gamuda will not unreasonably withhold or delay its consent for an extension of the Cut-off Date for a period of not longer than 1 month.

2.2.3 The completion of the Proposed Amcorp Acquisition shall take place within 7 business days following fulfilment or waiver, as the case may be, of all the Conditions Precedent and the approvals granted thereto remaining valid and not revoked or varied on such date (or such other date as Gamuda and Amcorp Properties may agree).

2.2.4 The Gamuda-Amcorp SPA also includes customary pre-completion undertakings, representations and warranties from Gamuda and Amcorp Properties.

2.3 Conditionality of the Proposed Amcorp Acquisition and Proposed PNB Acquisition

The Proposed Amcorp Acquisition and Proposed PNB Acquisition are not interconditional with each other.

The Gamuda-Amcorp SPA is conditional upon, amongst others, obtaining the approval of the shareholders of Amcorp Properties for the disposal of its equity interest in Kesas Holdings to Gamuda pursuant to the Proposed Amcorp Acquisition. In the event that approval is not obtained from the shareholders of Amcorp Properties or any of the other Conditions Precedent is not satisfied or waived, Gamuda will not acquire Amcorp Properties' equity interest in Kesas Holdings but still intends to complete the Proposed PNB Acquisition.

2.4 Pre-emption Rights

Pursuant to the shareholders' agreement between the shareholders of Kesas Holdings ("**Shareholders' Agreement**"), Gamuda's acquisition of Kesas Holdings Shares and Kesas Holdings RPS in relation to the Proposed Amcorp Acquisition and Proposed PNB Acquisition is subject to pre-emption procedures set out therein, unless a waiver of pre-emption rights of the other shareholders of Kesas Holdings is obtained.

In the event that the waiver of pre-emption rights is not obtained from the other shareholders and the pre-emption rights are exercised, Gamuda will acquire the balance of Amcorp Properties' shareholding after the exercise of the pre-emption rights. Given that Amcorp Properties and PNB have accepted in principle the Offer and the New Offer respectively, assuming PKNS exercises its pre-emption rights in relation to Amcorp's and PNB's disposal of 1,000,000 Kesas Holdings Shares and 93,182,968 Kesas Holdings RPS each, Gamuda will acquire in aggregate 1,250,000 Kesas Holdings Shares and 116,478,710 Kesas Holdings RPS representing 25% equity interest in Kesas Holdings. As a result, Kesas Holdings will become a subsidiary of Gamuda. Accordingly, should the other shareholders of Kesas Holdings exercise their pre-emption rights, the purchase consideration will be adjusted proportionately.

2.5 Basis and justification of the Purchase Consideration

The Purchase Consideration for the Proposed Acquisition was arrived at on a willing buyer-willing seller basis after taking into consideration the equity value of Kesas Holdings using the discounted cashflow method of valuation which is primarily driven by the future prospects of Kesas Holdings.

The Purchase Consideration shall be satisfied in cash and shall be funded via internally generated cash and/or borrowings.

2.6 MGO

Upon completion of the Proposed Amcorp Acquisition and/or the Proposed PNB Acquisition Gamuda's shareholdings in Kesas Holdings will increase from 30% to more than 33%. Pursuant to Section 218(2) of the CMSA and Section 9(1) of the Code, Gamuda will be obligated to extend a mandatory take-over offer to PKNS for the remaining 1,500,000 Kesas Holdings Shares and 139,774,452 Kesas Holdings RPS not owned by Gamuda after the Proposed Amcorp Acquisition and the Proposed PNB Acquisition for an aggregate purchase consideration of RM420 million.

The written notice under Section 11(8) of the Code will be despatched to the Board of Directors of Kesas Holdings only upon the Proposed Amcorp Acquisition or the Proposed PNB Acquisition becoming unconditional in accordance with the Gamuda-Amcorp SPA or the Gamuda-PNB SPA, whichever is earlier, and the offer document for the MGO will be despatched within 21 days from the date of the said notice. Gamuda will be applying for a waiver from the Securities Commission of Malaysia from compliance with certain requirements in the Code.

The Kesas Holdings Shares and Kesas Holdings RPS to be acquired pursuant to acceptances under the MGO shall be transferred to Gamuda free from all encumbrances and together with all rights, benefits and entitlements attached thereto.

3. INFORMATION ON KESAS HOLDINGS

3.1 History and Business Overview

Kesas Holdings was incorporated in Malaysia under the Companies Act, 1965 on 30 September 1993 as a public limited company and acts as a consortium comprising Gamuda, PKNS, PNB and Amcorp Properties to hold the entire share capital of Kesas Sdn Bhd ("**Kesas**").

Kesas is a wholly owned subsidiary of Kesas Holdings. The principal activities of Kesas are to design and construct the Shah Alam Expressway ("**SAE**"), develop and maintain the toll operations and maintain the SAE.

The SAE, a 34.5-kilometer long dual 3-lane carriage expressway, serves as a major inter-urban expressway connecting the major industrial and residential areas within the Klang Valley namely Kuala Lumpur, Cheras, Petaling Jaya, Subang Jaya, Shah Alam and Klang, terminating at the access road to Westport. It also serves to form part of Kuala Lumpur's traffic dispersal scheme, namely from the Kuala Lumpur Middle Ring Road II.

The SAE is connected to several major expressway systems, namely the KL-Seremban Expressway, Maju Expressway, Lebuhraya Damansara-Puchong and the North-South Expressway Central Link. There are 4 tolls plazas located on the SAE, namely, Awan Besar (East), Awan Besar (West), Sunway and Kemuning.

3.2 Concession Agreement

On 19 November 1993, the Government awarded a concession to Kesas for a period of 28 years and 9 months, which was subsequently extended by an additional year to 18 August 2023.

3.2.1 Concession Period

The concession period may be extended by mutual agreement between the parties in accordance with the terms of the concession agreement. Upon the expiry of the concession period, all rights and entitlements of Kesas in respect of the concession will revert to, vest in or remain vested in the Government and the SAE will be handed over to the Government.

3.2.2 Grant of Concession

The Government grants to Kesas, the exclusive right and authority to:

- (i) design and construct the SAE and the ancillary facilities;
- (ii) supply and install tolling and other equipment at the SAE's toll plazas and manage, operate and maintain the same;
- (iii) demand, collect and retain toll for its own benefit from vehicles using the SAE during the concession period;
- (iv) operate and maintain the SAE and the ancillary facilities; and
- (v) enter upon and occupy all land required by Kesas in relation to the SAE concession without payment for rent, taxes or other costs, expenses and charges (other than any costs of assessment raised in relation to toll plazas, ancillary facilities and any other buildings constructed by Kesas within the concession area).

3.2.3 Major Obligations

Kesas shall design, construct, operate, maintain and manage the SAE and ancillary facilities. Kesas shall also carry out and complete the design and construction of the traffic dispersal schemes as specified in the concession agreement and carry out upgrading works relating to the ancillary facilities where necessary.

3.2.4 Toll Collection

The Government authorises Kesas to demand, collect and retain toll for its own benefit from users of the SAE other than from certain specified persons and classes of vehicle as specified in the concession agreement or which may from time to time be exempted by the Government pursuant to an order made under Section 2(1) of the Federal Roads (Private Management) Act 1984.

The toll for each class of vehicle for each concession year will be published by the Government in accordance with the decision of the Cabinet in the Gazette prior to the end of the preceding concession year. The Government may impose toll which is higher or lower than the agreed toll for the relevant concession year.

In the event that the Government imposes toll for any class of vehicle for or during any concession year which is lower than the agreed toll for that class of vehicle for that concession year, the Government will compensate Kesas for any reduction in toll collections by Kesas in respect of the concession year by paying to the Kesas an amount jointly certified by the Government and Kesas to be calculated in the manner as provided under the concession agreement.

3.2.5 Termination of the concession

The concession agreement may be terminated by the Government if, amongst others, Kesas breaches any material obligations under the concession agreement and fails to remedy the default.

Conversely, if the Government without reasonable cause fails to perform or fulfil any of its obligation under the concession agreement which adversely affects the right and authority of Kesas to collect and retain toll or results in a non-payment of any amount payable to Kesas by the Government under the concession agreement, then Kesas may terminate the concession agreement if the Government fails to remedy the breach within the stipulated timeframe.

Notwithstanding any provision in the concession agreement, the Government may terminate the agreement by compulsorily purchase or acquire the concession or Kesas, and an amount of compensation as determined in accordance with the concession agreement will be payable by the Government to Kesas.

- 3.3 The SAE concession is governed under the Federal Roads (Private Management) Act 1984.
- 3.4 Gamuda does not expect to incur any additional financial commitments to put the operations of Kesas Holdings on-stream as the SAE has been operation since December 1996.
- 3.5 The authorised share capital of Kesas Holdings is RM500 million comprising 5 million ordinary shares of RM1.00 each and 495 million redeemable preference shares of RM1.00 each, of which 5 million ordinary shares and approximately 466 million redeemable preference shares have been issued and fully paid-up as at 31 March 2013.
- 3.6 The latest consolidated audited profit after tax and net assets of Kesas Holdings for the financial year ended (“**FYE**”) 31 March 2013 were approximately RM162 million and RM653 million, respectively.

4. INFORMATION ON THE VENDORS

4.1 PKNS

PKNS was founded on 1 August 1964 under the Selangor State Development Corporation Enactment, 1964, as a corporate body and an agency for development at state level by distributing and spurring socio-economic growth in Selangor as a means of promoting stability, harmony and social justice towards achieving the vision of the country.

Its corporate members consist of Tan Sri Dato' Seri Abdul Khalid bin Ibrahim (Selangor Chief Minister), Dato' Haji Mohammed Khusrin bin Haji Munawi (Secretary of Selangor State Government) and Dato' Noordin bin Sulaiman (Selangor State Financial Officer).

(Source: PKNS' website)

4.2 PNB

Incorporated on March 17, 1978, PNB was conceived as a pivotal instrument of the Government's New Economic Policy to promote share ownership in the corporate sector among the Bumiputera, and develop opportunities for suitable Bumiputera professionals to participate in the creation and management of wealth.

With fund under management totalling more than RM255 billion, PNB is the country's leading investment institution with a diversified portfolio of interests that include unit trusts, institution property trust, property management, asset management and others.

PNB's Board of Directors comprise Tun Ahmad Sarji bin Abdul Hamid (Chairman), Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman (President and Group Chief Executive), Tan Sri Asmat bin Kamaluddin, Tan Sri Datuk Amar Haji Bujang bin Mohammed Bujang Mohammed Nor, Tan Sri Dato' Seri Ainum binti Mohamed Saaid and Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah.

(Source: PNB's website)

4.3 Amcorp Properties

Amcorp Properties was incorporated in Malaysia under the Companies Act, 1965 on 29 December 1965. It was subsequently listed on the Main Board (*now known as the Main Market*) of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 28 November 1972. The principal activity of Amcorp Properties is investment holding. Its subsidiaries are principally involved in property development, investment and management as well as engineering, power and infrastructure.

The directors of Amcorp Properties as at 31 December 2013 are as follows:

Name of Director	Designation
Azmi Hashim	Non-Independent Non-Executive Chairman
Shalina Azman	Non-Independent Non-Executive Deputy Chairman
Tan Sri Dato' Chen Wing Sum	Independent Director
Tan Sri Lee Lam Thye	Independent Director
Dato' Che Md Nawawi Bin Ismail	Independent Director
P'ng Soo Theng	Independent Director
Robert Tan Bun Poo	Independent Director
Kamil Ahmad Merican	Independent Director
Soo Kim Wai	Non-Independent Non-Executive Director
Lee Keen Pong	Managing Director
Shahman Azman	Deputy Managing Director

The substantial shareholders of Amcorp Properties and their respective shareholdings in Amcorp Properties as at 31 December 2013 are as follows:

Name of Substantial Shareholders	Direct interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Tan Sri Azman Hashim	158,359	0.03	417,372,745 ⁽¹⁾	72.26
Amcorp Group Berhad	417,372,745	72.26	-	-
Clear Goal Sdn Bhd	-	-	417,372,745 ⁽¹⁾	72.26

Note:

⁽¹⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Amcorp Group Berhad.

(Source: Amcorp Properties' announcements on Bursa Securities' website)

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition enables Gamuda to expand and increase its interest in the infrastructure concessions segment, which represents one of Gamuda's core businesses.

Based on the forecast earnings of Kesas Holdings, the Proposed Acquisition is expected to be value-enhancing given that Gamuda will be acquiring Kesas Holdings at an implied price earning multiple which is lower as compared to the current trading multiple of Gamuda.

The strong earnings forecast of Kesas Holdings which is supported by historical growth trends and expected future developments along the corridor will provide Gamuda with stable cashflows for future business opportunities or for distribution of dividends to its shareholders.

Lastly, the Proposed Acquisition will enable Gamuda to increase its stake in Kesas Holdings which is currently an associate of Gamuda to become a subsidiary, thus allowing for Gamuda to consolidate the results of Kesas Holdings which is expected to improve Gamuda's top and bottom line results.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF KESAS HOLDINGS

6.1 Overview of the Malaysian Economy

The Malaysian economy recorded a stronger growth of 5.0% in the third quarter of 2013 with domestic demand continuing to drive growth. Growth in private sector spending was higher, supported by both private consumption and investment. On the supply side, growth in most economic sectors improved in the third quarter.

Domestic demand expanded by 8.3% (Second quarter ("2Q") 2013: 7.4%) due to continued growth in household and business spending, and public sector expenditure. Private consumption expanded by 8.2% in the third quarter. Household spending was supported by favourable employment conditions and higher wage growth, especially in the domestic-oriented sectors. Growth in public consumption moderated in the third quarter (7.8%; 2Q 2013: 11.8%), reflecting more moderate Government spending on supplies and services.

After four consecutive quarters of contraction, exports turned around to record a positive growth during the quarter. This resulted in a positive contribution of net exports to growth, despite higher import growth in the third quarter. On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.7% (2Q 2013: 1.4%). For the Malaysian economy, the gradual recovery in the external sector will support growth. Domestic demand from the private sector will remain supportive of economic activity amid the continued consolidation of the public sector. The economy is therefore expected to remain on its steady growth trajectory.

(Source: Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Third Quarter of 2013)

6.2 Prospects of Kesas Holdings

Despite having opened more than 15 years ago, growth prospects for SAE remain good. In the last 5 years (2008-2012) growth on the SAE has averaged over 7% per annum considerably higher than that of a typical 'mature' expressway in the Klang Valley, which might be closer to 3 - 4%. This is a reflection of the nature of the corridor as it has taken time for land development to complete and connecting infrastructure to open.

The strong growth in this period may be explained as a cumulative impact of the establishment of several land developments, mainly to the west (such as Kota Kemuning, Bukit Rimau, Bandar Puteri, Bandar Botanik and Bandar Bukit Tinggi, Klang) and the parallel opening of several new interchanges and new connecting highways.

Moving forward, it is anticipated that this trend of relatively high growth will continue, though slowly tapering down. Relatively high population growth is still anticipated in maturing existing developments such as the ones above and in addition there is still additional landbank for new development in the corridor.

New planned highway schemes will impact the SAE, in particular the South Klang Valley Expressway and also the West Coast Expressway. In the short term, completion of these schemes will likely result in some diversion of traffic. In the medium to longer term, however, these schemes will support land development in the corridor, leading to greater overall traffic levels.

Westport continues to successfully grow its throughput and expand its infrastructure and operations accordingly. This trend is expected to continue for at least the medium term, further driving traffic growth, and in particular heavy goods vehicles, in the corridor.

Finally, planned toll increments will reduce traffic growth, but, as witnessed across the Klang Valley will tend to lead to step changes in toll revenue overall.

As the holding company of Kesas, the concessionaire which manages the SAE, Kesas Holdings will continue to derive revenue from the collection of toll charges from users of the SAE up until the end of the concession period. Going forward, the Board is optimistic on the outlook of Kesas given the expected growth of traffic volume in tandem with developments along the corridor. In this regard, the Board believes that the Proposed Acquisition will provide Gamuda with an opportunity to further participate in the upside potential of Kesas arising from the growth and developments along the SAE's corridor and in the Klang Valley generally.

7. RISK FACTORS OF THE PROPOSED ACQUISITION

The Proposed Acquisition would subject Gamuda to risks inherent to highway concessions industry which Gamuda is already involved in, via its current 30% stake in Kesas Holdings and its interest in Lingkaran Trans Kota Holdings Berhad and Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd.

Nevertheless, the following are key risk factors relating to the Proposed Acquisition:

(i) Estimated traffic volumes and projections

Traffic volume, a primary determinant of Kesas' revenue, is affected by many factors which are beyond Kesas' control. Such factors may include (but are not limited to) the level of economic activity, affordability of automobiles, price of petrol and the availability of alternative routes or modes of transport.

There can be no assurance that any adverse trends affecting any of these factors over the course of the remaining concession period will not have a material effect on SAE's traffic volumes and profitability of Kesas Holdings.

(ii) Toll rates

The concession agreement, which in essence governs the operations of the toll concessionaire, provides for agreed toll rates over the concession period and further provides that the Government may vary those rates throughout the concession period. In addition, the increase in public and/or political opposition towards toll hikes for toll concessionaries may potentially defer the increase in toll rates as stipulated in the concession agreement, which may accordingly have a material adverse impact on the financial performance of Kesas.

Notwithstanding the above, in the event the Government varies the toll rates such that the toll rates fall below the agreed toll rates as stipulated in the concession agreement, the Government is obliged to compensate Kesas for the difference in the manner as agreed in the concession agreement.

(iii) Operating and maintenance costs

Generally, costs and capital expenditure requirements relating to the operation and maintenance of expressways may increase due to factors which are beyond the toll concessionaires' control, which include but may not be limited to:

- (a) the standards of maintenance of road safety to the expressways imposed by relevant regulatory authorities becoming more stringent;
- (b) higher axle loading, traffic volume or environmental stress leading to more extensive or frequent repairs or maintenance costs; or
- (c) increases in the costs of materials, labour and supplies.

There can be no assurance that any increase in such costs will not have a material adverse effect on Kesas' financial results.

(iv) Expiration or termination of concession

Generally, the Government may terminate the concession of toll concessionaires if, amongst others, there has been a breach of obligations under the concession agreement.

The concession agreement also allows for the Government to terminate the concession agreement and compulsory acquire SAE. While compensation will be paid to Kesas, there is no certainty that such amount paid will be adequate compensation for the foregone cashflows to Kesas.

Further, upon expiration of the concession, Kesas will be required to transfer the SAE and all of its assets to the Government at no cost. There can be no assurance that the concession will not be terminated before its expiry date, nor can there be any assurance that the concession may be extended or renewed upon expiry. In the event the concession is terminated or not extended/renewed upon expiry, Kesas' principal business and source of revenue will cease, and may be left without any assets.

(v) Completion

The Proposed Acquisition is conditional upon the conditions precedent being fulfilled or waived. These include regulatory approvals which are beyond the control of Gamuda. As such, the Proposed Acquisition may not be completed if any of the conditions precedent are not fulfilled or waived.

(vi) Shareholdings in Kesas Holdings

Gamuda's shareholding in Kesas Holdings upon completion of the Proposed Acquisition is subject to the exercise of pre-emption rights by PKNS under the Shareholders' Agreement and its acceptance or rejection of the MGO. In the event PKNS exercises its pre-emption rights in respect of Amcorp Properties' and PNB's equity interest in Kesas Holdings and reject the MGO in full, Gamuda's shareholding in Kesas Holdings following the Proposed Amcorp Acquisition and Proposed PNB Acquisition would amount to 55%. Based on the existing Shareholders' Agreement, certain reserved matters require the approval of 75% of the shareholders of Kesas Holdings. As such, there may be incidents where the minority shareholders may prevent Gamuda from voting through certain reserved matters or implementing proposals which require a 75% voting threshold.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

8.1 Issued and paid-up share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the issued and/or paid-up share capital and substantial shareholders' shareholdings in Gamuda as the Proposed Acquisition does not involve any issuance of ordinary shares in Gamuda.

8.2 Net asset ("NA"), NA per share and gearing

The Proposed Acquisition is not expected to have any effect on Gamuda's consolidated NA and NA per share. However, Gamuda's gearing is expected to increase as a result of consolidation of Kesas Holdings' borrowing as well as any borrowings raised to fund the Proposed Acquisition. Purely for illustrative purposes, based on the audited consolidated financial statements of Gamuda as at 31 July 2013 and Kesas Holdings as at 31 March 2013 (without any adjustment for differences in year ends), and assuming that the Proposed Acquisition has been completed in full and is fully funded through borrowings, Gamuda's gearing as at 31 July 2013 is expected to increase from 0.50 times to 0.80 times, on a proforma basis.

8.3 Earnings and earnings per share ("EPS")

The effects of the Proposed Acquisition on the future consolidated earnings and EPS of Gamuda would depend on, amongst others, the future performance of Kesas Holdings which is primarily determined by traffic volume and toll rates.

Purely for illustrative purposes, assuming that the Proposed Acquisition had been completed in full on 1 August 2012 and based on the audited consolidated financial statements of Gamuda for the FYE 31 July 2013 and Kesas for the FYE 31 March 2013 (without any adjustment for differences in year ends), Gamuda's fully diluted EPS for the FYE 31 July 2013 would increase from 24.86 sen to 30.06 sen.

9. APPROVALS REQUIRED

The Proposed Acquisition is subject to the following approvals being obtained:

- (i) the approval of the shareholders of Amcorp Properties for the disposal of up to 1,000,000 Kesas Holdings Shares and 93,182,968 Kesas Holdings RPS to Gamuda; and
- (ii) the approval, consent or waiver of any relevant regulatory authorities, the Government or any relevant ministry, where required.

The applications to the relevant authorities in relation to the Proposed Acquisition will be submitted within 1 month from the date of this announcement, if required.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND 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 Acquisition

11. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interests of Gamuda and its shareholders.

12. PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITION PURSUANT TO PARAGRAPH 10.02(G) OF THE LISTING REQUIREMENTS

The highest percentage ratio applicable to the Proposed Acquisition pursuant to paragraph 10.02(g) of the Listing Requirements is 20.1% based on the audited consolidated financial statements of Gamuda for the FYE 31 July 2013.

13. ADVISERS

CIMB has been appointed as the Adviser to Gamuda for the Proposed Acquisition.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposed Acquisition is expected to be completed by 2nd quarter of 2014.

15. DOCUMENTS FOR INSPECTION

The Gamuda-Amcorp SPA is available for inspection 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, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 16 January 2014.