

## **GAMUDA BERHAD (“GAMUDA” OR “THE COMPANY”)**

### **PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN SALAK LAND DEVELOPMENT SDN BHD FOR A TOTAL CASH CONSIDERATION OF RM784,328,030.64 (“PROPOSED ACQUISITION”)**

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#### **1. INTRODUCTION**

The Board of Directors of Gamuda (“**Board**”) wishes to announce that Gamuda (“**Purchaser**”) had on 31 July 2014 entered into a Share Sale Agreement (“**SSA**”) with Salak Park Sdn Bhd (“**Salak Park**” or “**Vendor**”) for the acquisition of the entire equity interest in Salak Land Development Sdn Bhd (“**Salak Land**”) for a total cash consideration of RM784,328,030.64 (“**Purchase Consideration**”).

#### **2. DETAILS OF THE PROPOSED ACQUISITION**

The Proposed Acquisition will entail the acquisition by Gamuda of 10,800,000 ordinary shares of RM1.00 each (“**Sale Shares**”), representing 100% of the issued and paid up share capital of Salak Land from the Vendor for a total cash consideration of RM784,328,030.64.

##### **2.1 Information on Salak Land**

Salak Land is a private limited company incorporated in Malaysia on 3 August 1994. Its principal activities are property holding, development of an eco-tourism resort and plantation. It has an authorised share capital of RM25,000,000.00 comprising 25,000,000 ordinary shares of RM1.00 each of which 10,800,000 shares are issued and fully paid up.

Salak Land is the registered owner of a piece of leasehold land with a total area measuring approximately 619 hectares as set out in Section 2.3 below (hereinafter referred to as “**Land**”).

Salak Land is a wholly-owned subsidiary of Salak Park. It does not have any subsidiary or associated company.

##### **2.2 Information on Salak Park**

Salak Park is a private limited company incorporated in Malaysia on 5 March 1979 and is principally involved in property development.

##### **2.3 Information on the Land**

The Land is a piece of leasehold land measuring approximately 619 hectares, which is currently classified as agricultural land with lease tenure expiring on 6 October 2093.

The Land is located right next to Expressway Lingkar Tengah (“**ELITE Highway**”) between kilometre (“**Km**”) 24 and Km 26.4.

##### **2.4 Purchase Consideration**

The Purchase Consideration of RM784,328,030.64 was arrived at on a willing-buyer and willing-seller basis.

##### **2.5 Salient Terms of the SSA**

The salient terms of the SSA include, *inter alia*, the following:

###### **2.5.1 Payment of the Purchase Consideration**

- (a) An earnest deposit of RM15,686,560.61, equivalent to 2% of the Purchase Consideration (“**Earnest Deposit**”) has been paid to the Vendor’s solicitors as stakeholders prior to the execution of the SSA.

- (b) The balance deposit of RM62,746,242.45, equivalent to 8% of the Purchase Consideration (“**Balance Deposit**”) is to be paid as follows:
  - (i) RM15,686,560.61 (“**Tax Sum**”) shall be retained by the Purchaser’s solicitors to be remitted to the Inland Revenue Board on the Vendor’s behalf for tax payable by the Vendor pursuant to the Real Property Gains Tax Act 1976 in connection with the sale of the Sale Shares by the Vendor to the Purchaser; and
  - (ii) RM47,059,681.84 shall be paid by the Purchaser to the Vendor’s solicitors as stakeholders on or before execution of the SSA.
- (c) The balance of the Purchase Consideration of RM705,895,227.58 is to be paid to the Vendor’s solicitors as stakeholders as follows:
  - (i) RM313,731,212.26, equivalent to 40% of the Purchase Consideration, on or before 31st July 2014; and
  - (ii) The balance Purchase Consideration (which is the Purchase Consideration less the amounts in Section 2.5.1(a), (b) and (c)(i) and less all Salak Land’s outstanding net debt on Completion Date).

#### **2.5.2 Conditions Precedent**

The SSA is not subject to any condition precedent.

#### **2.5.3 Completion Date**

The Completion Date is 2 October 2014 and subject to the terms and conditions as stipulated in the SSA.

#### **2.6 Mode of settlement and source of funding**

The Purchase Consideration will be entirely satisfied in cash, which will be financed via internally generated funds and/or bank borrowings.

#### **2.7 Liabilities to be assumed**

There are no liabilities to be assumed by Gamuda pursuant to the Proposed Acquisition.

#### **2.8 Estimated timeframe for completion**

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed by the 4<sup>th</sup> quarter of 2014.

### **3. RATIONALE FOR THE ACQUISITION**

The Proposed Acquisition enables Gamuda to gain ownership of the Land, and hence increase its land bank to further establish its position in property development and increasing its investment property portfolio to provide long term earnings growth. The Land is situated in a matured area of Selangor with positive prospects for mix property development. The Proposed Acquisition is expected to contribute positively to the future earnings and thereby improve shareholders’ value over the medium to long-term.

### **4. THE FUTURE PLAN AND PROSPECTS OF THE LAND**

The Land is envisaged to be developed into a New Suburbia – a contemporary comprehensive township to meet the ever dynamic market demands by tapping into the great prospects of the burgeoning market in Klang Valley besides expanding our market reach down south; Nilai and Seremban.

Currently, the Land is accessible via Jalan Klang-Banting and Jalan B18. Travelling from Petaling Jaya or Kuala Lumpur, the Land is accessible via Shah Alam Expressway (KESAS) as well as ELITE highway via KLIA interchange.

## **5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

### **5.1 Share capital and shareholdings of substantial shareholders**

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

### **5.2 Net Assets ("NA") and NA per share**

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

### **5.3 Earnings and earnings per share ("EPS") and Gearing**

Notwithstanding that the Purchase Consideration may be partly funded via bank borrowings, the Proposed Acquisition is not expected to have a material impact on the earnings, EPS and gearing of Gamuda.

## **6. APPROVALS REQUIRED**

The Proposed Acquisition is conditional upon the approval(s) or consent(s) being obtained from the relevant governmental or statutory authorities. The Proposed Acquisition is not subject to the approval of the shareholders of the Company.

## **7. PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed 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 2013 is 16.1%.

## **8. 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 Acquisition.

## **9. DIRECTORS' STATEMENT**

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

## **10. DOCUMENTS FOR INSPECTION**

The signed SSA 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 Monday to Friday (except public holidays) for a period of one (1) month from the date of this announcement.

This announcement is dated 4 August 2014.