

**PROPOSED INVESTMENT IN 30% EQUITY STAKE IN ERS ENERGY SDN BHD
[CO. REGN. NO. 200901027252 (870354-K)] (“ERS ENERGY”)**

1. INTRODUCTION

The Board of Directors of Gamuda Berhad (Co. Regn. No. 19760103632 (29579-T)) (“Gamuda” or “Company”) wishes to announce that Gamuda has on 7 December 2022 executed a subscription and shareholders agreement (“SSA”) to acquire a 30% equity interest in ERS Energy Sdn Bhd (“ERS Energy”) via subscription of 4,285,714 new ordinary shares (“Subscription Shares”) for a total cash consideration of RM200 million only (“Subscription Price”) (“**Proposed ERS Energy Investment**”).

Upon completion of the Proposed ERS Energy Investment, ERS Energy will become a 30%-owned associate company of Gamuda.

This is a voluntary announcement under Paragraph 10.05(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

2. INFORMATION ON ERS ENERGY

ERS Energy, established in Malaysia on 28 August 2009, is a leading solar energy Engineering Procurement Construction and Commissioning (“EPCC”) company and one of the early entrants to the solar scene in Malaysia.

ERS Energy’s main business scope is solar photovoltaics (“PV”) EPCC and system integrations with capability from small to large-scale deployment, including residential, commercial and industrial, and utility-scale projects. ERS Energy is now one of the largest solar EPCC player in Malaysia and the region, with a total project experience of close to 700MW completed large-scale solar projects.

Along with solar PV EPCC projects, ERS Energy also operates business units focusing on electric vehicle charging solutions, operation and maintenance of solar PV systems, solar PV energy storage solutions, trading and wholesaling of solar PV equipment.

ERS Energy is currently a joint venture partner of Gamuda in NEDA Pekan Sdn Bhd (“NEDA Pekan”) to develop a 39MW (29.99 MWac) solar power plant under the New Enhanced Dispatch Arrangement (“NEDA”) framework. NEDA framework allows power producers such as renewable energy producers to supply energy to Single Buyer, Tenaga Nasional Berhad (TNB) without entering into power purchase agreement (PPA). NEDA framework is expected to enhance the competition in the local power generation industry by introducing a system whereby power producers bid daily on variable operating rates.

3. SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

- a. Subscription Price and Mode of Payment
RM200 million, payable in cash, in exchange of 30% of equity interest, equivalent to 4,285,714 new ordinary shares in ERS Energy.

First tranche of the Subscription Shares shall be RM80 million. Balance of RM120 million shall be subscribed based on ERS Energy's funding requirement and to be mutually agreed between the parties.

- b. Conditions Precedent
The Proposed ERS Energy Investment is conditional upon satisfactory completion of due diligence by Gamuda and ERS Energy obtaining the necessary approvals, waivers or consents from existing banks and authorities.

- c. Completion Date
The completion of the subscription of the first tranche of the Subscription Shares, being RM80 million for 1,714,286 ordinary shares, shall occur within 14 business days from the date when all the conditions precedent has been obtained/fulfilled or waived (as the case may be). The conditions precedent are targeted to be obtained/fulfilled within 3 months from the date of this announcement.

Gamuda's subscription of subsequent tranches of the Subscription Shares will occur based on ERS Energy's funding requirement.

- d. Board Representation
Upon completion of the subscription of the first tranche of the Subscription Shares, Gamuda shall be entitled to appoint one director in ERS Energy.

- e. Utilisation of Funds
Proceeds from the Subscription Shares shall be utilised for ERS Energy's direct investment into cash accreting solar generation assets, including NEDA Pekan as well as working capital for renewable energy opportunities and expansion in the regional market.

4. BASIS AND JUSTIFICATION FOR THE SUBSCRIPTION PRICE

The Subscription Price, which values ERS Energy at a pre-money equity value of RM467 million, was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others, comparable companies' trading multiples, projected profitability, growth, as well as future prospects of ERS Energy in the renewable energy sector.

5. SOURCE OF FUND FOR THE PROPOSED ERS ENERGY INVESTMENT

The Proposed ERS Energy Investment shall be satisfied by cash funded from internal generated funds and borrowing.

6. LIABILITIES TO BE ASSUMED

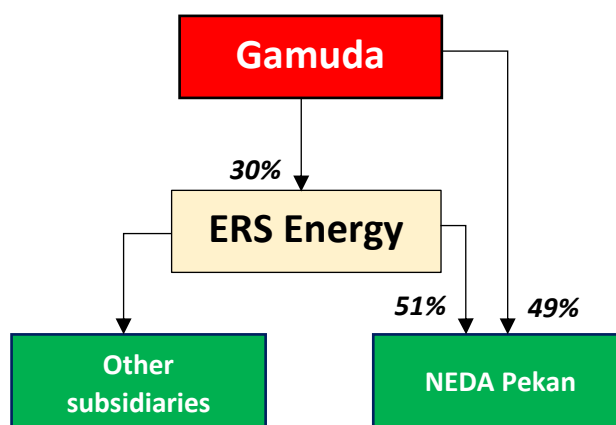
There are no other liabilities including contingent liabilities and guarantees to be assumed by Gamuda pursuant to the Proposed ERS Energy Investment.

7. RATIONALE AND BENEFITS OF PROPOSED ERS ENERGY INVESTMENT

Proposed ERS Energy Investment will enable Gamuda group to fast track its renewable energy business plan and serves as a springboard for the group in pursuing much wider energy-related opportunities presented by the trajectory of the global energy transition including energy storage, smart grids, and associated infrastructure.

The investment and partnership with ERS Energy will be integral to enabling Gamuda group to actively participate in the world's transition to net zero, in line with Gamuda Green Plan which commits the group to reduce carbon emissions intensity by 30% in 2025 and 45% in 2030, with an ambition to grow Gamuda group's renewable energy asset portfolio to over 800MW in next few years.

Upon completion of the Proposed ERS Energy Investment, apart from the 30% stake in ERS Energy, Gamuda will also effectively hold 64% of shareholdings in NEDA Pekan (detailed structure as per diagram below). As NEDA framework will form the base for the virtual PPA (VPPA), the participation in NEDA Pekan will put Gamuda and ERS Energy in a frontrunner position of the recently announced Corporate Green Power Programme (CGPP), which uses the VPPA mechanism to allow corporate consumers to purchase renewable energy virtually. Strategically, NEDA is the springboard from which VPPAs can be developed, which will then herald a new era of renewable energy generation matching to direct corporate and institutional consumption.



ERS Energy, led by a strong management team who has delivered solid solar EPCC track record, has extensive experience in large scale solar projects in Malaysia, Vietnam and the Philippines. The Proposed ERS Energy Investment will pave the way for long term partnership between Gamuda and ERS Energy to mutually benefit the renewable energy space.

8. PROSPECTS

Moving forward, ERS Energy will accelerate its growth in the solar renewable energy space, by broadening clientele base into new geographies and complementary business verticals along the renewable energy value chain.

Gamuda will also cooperate with ERS Energy in areas of, including but not limited to, human capital and talent management, organisation systems, technical and design, business development and capital management to promote knowledge transfer to mutually strengthen renewable energy capabilities and capacities to ensure value enhancement and creation to shareholders.

9. EFFECTS OF THE PROPOSED ERS ENERGY INVESTMENT

The Proposed ERS Energy Investment is not expected to have any immediate material effect on the share capital and substantial shareholders' shareholdings of Gamuda, and net assets, gearing, earnings and earnings per share of Gamuda group of companies for the financial year ending 31 July 2023.

10. APPROVALS REQUIRED

The Proposed ERS Energy Investment is not subject to the approval of shareholders of Gamuda and/or any regulatory authority.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, major shareholders, and persons connected to them has any interest, direct or indirect, in the Proposed ERS Energy Investment.

This announcement is dated 7 December 2022.