

MALAYSIA AIRPORTS HOLDINGS BERHAD (“MAHB” OR “COMPANY”)

PROPOSED DISPOSAL BY MAHB OF ITS ENTIRE 11% EQUITY INTEREST IN GMR HYDERABAD INTERNATIONAL AIRPORT LIMITED (“GHIAL”) (“PROPOSED DISPOSAL”)

(Unless otherwise stated, the exchange rate of the United States Dollar (“USD”) 1.00 : Ringgit Malaysia (“RM”) 3.8835 and Indian Rupee (“RS”) 100.00 : RM 6.0699 being the middle rates prevailing as at 09:00 on 2 February 2018 as published by Bank Negara Malaysia, have been applied in this announcement for illustration purposes)

1.0 INTRODUCTION

The Board of Directors (“**Board**”) of MAHB wishes to announce that MAHB together with its wholly owned subsidiary, MAHB (Mauritius) Private Limited (“**MAMPL**”) (**MAHB** and **MAMPL** are hereinafter collectively referred to as “**Sellers**”), have on 2 February 2018 entered into a Share Purchase Agreement (“**SPA**”) with GMR Airports Limited (“**GMR Airports**” or the “**Purchaser**”) for the disposal of all of the 41,580,000 equity shares of Rs.10 each which represents 11% of the total issued and paid-up share capital of GHIAL to GMR Airports, for a cash consideration of USD76.05 million (approximately RM295.34 million) subject to the terms and conditions contained in the SPA (“**Transaction**”).

2.0 INFORMATION ON GHIAL

GHIAL is a company incorporated under the laws of the Republic of India having its registered office at GMR Aero Towers, Rajiv Gandhi International Airport, Shamshabad, Hyderabad 500 108, Telangana, India with an authorized share capital of Rs.4,000,000,000 only comprising 400,000,000 equity shares of Rs.10 each and paid-up share capital of Rs.3,780,000,000 comprising 378,000,000 equity shares of Rs.10 each.

The principal activities of GHIAL are the designing, building, operating and managing the Rajiv Gandhi International Airport in Hyderabad, India for a concession period of 30 years until 23 March 2038, with an option to extend the term for an additional 30 years, which GHIAL has already exercised.

As at 31 December 2017, the shareholding structure of GHIAL are as follows:

<u>Party</u>	<u>Number of Shares</u>	<u>Percentage (%) Shareholding</u>
GMR Airports	238,139,000	63.0
Airports Authority of India	49,140,000	13.0
State of Telangana	49,140,000	13.0
MAHB	6,460	0.1
MAMPL	41,573,540	10.9

As per the Consolidated Financial Statement of GHIAL for the financial year ended 31 March 2017, GHIAL reported a consolidated revenue of Rs.13,767.1 million (approximately RM835.6 million) and net profit of GHIAL is Rs.2,917.8 million (approximately RM177.1 million).

3.0 INFORMATION ON SELLERS AND PURCHASER

3.1 GMR Airports

GMR Airports (formerly known as GVL Investments Private Limited and GMR Airports Holdings Limited), is a company incorporated under the laws of the Republic of India on 6 February 1992. GMR Airports is a subsidiary of GMR Infrastructure Limited, an entity listed on the National Stock Exchange of India Limited and BSE Limited (Bombay Stock Exchange). The principal activity of GMR Airports is as investment holding company.

As at 31 March 2017, the authorised share capital of GMR Airports is Rs.20,000,000,000, comprising 400,000,000 equity shares of Rs10 each and 16,000,000 preference shares of Rs.1,000 each, of which 350,869,490 equity shares of Rs.10 each and 3,731,468 Class A Compulsorily Convertible Preference Shares of Rs.1,000 each and 11,046,532 Class B Compulsorily Convertible Preference Shares of Rs.1,000 each respectively are issued and fully paid-up.

3.2 MAMPL

MAMPL is a private limited company incorporated under the laws of Mauritius on 21 August 2006 and having its registered office at St Louis Business Centre, Cnr Desroches & St Louis Streets, Port Louis, Mauritius on 21 August 2006, is a wholly-owned subsidiary of MAHB. The principal activity of MAMPL is as investment holding company.

The issued and paid-up capital is USD 2 divided into 2 shares of USD 1 each.

3.3 MAHB

MAHB is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Sdn Bhd. The registered office of MAHB is located at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor.

The principal activity of MAHB is as investment holding company. Its subsidiaries are mainly involved in the management, operations, maintenance and provision of airport related services for airports in Malaysia, India and Turkey.

4.0 DETAILS OF THE PROPOSED DISPOSAL

4.1 Consideration and Adjustments

The cash consideration for the Proposed Disposal of USD76.05 million (MAMPL – USD76.04 million and MAHB – USD0.01 million) (subject to upward price revision should the Transaction takes place more than 3 months after the date of the SPA) was arrived at on a “willing-buyer willing-seller” basis.

The cash consideration is agreed between the Sellers and Purchaser based on the assumption that the completion of the sale and purchase of the Sale Shares (“**Completion**”) takes place on or before 1 December 2018. In the event the Completion is not achieved by 1 December 2018, the SPA shall be terminated unless otherwise agreed between the Sellers and Purchaser in writing.

The Share sales of GHIAL will be disposed free from all encumbrances and with all rights attached thereto.

There are no liabilities (including contingent liabilities and guarantees) to be assumed by GMR pursuant to the Proposed Disposal of GHIAL.

4.2 Condition Precedent

The Completion shall be conditional upon the fulfilment of the following conditions precedent:

- (i) approvals of the respective Boards of the Sellers and approval of the shareholders of the Sellers, if applicable, for execution of this Agreement and performance of their respective obligations hereunder;
- (ii) approval of the Board of the Purchaser and approval of the shareholders of the Purchaser, if applicable, for execution of this Agreement and performance of its obligations hereunder;
- (iii) A certificate each from the Sellers certifying all representations and warranties of the Sellers set out in Schedule 1 of the SPA continue to be true and correct;
- (iv) A certificate from the Purchaser certifying all representations and warranties of the Purchaser set out in Schedule 1 of the SPA continue to be true and correct; and
- (v) The Completion shall also be subject to obtaining relevant consents / approvals from the relevant authorities, if any. In the event that such consents / approvals, if required, are not obtained before the scheduled Completion Date, the Completion Date shall be extended with mutual consent of the Parties.

4.3 Completion Date

The Completion Date shall take place by 1 December 2018. Upon completion of the Proposed Disposal, MAMPL and MAHB will cease to be shareholders of GHIAL.

4.4 Basis and Justifications for Arriving at the Sale Consideration

The sale consideration was arrived at on a “willing-buyer willing-seller” basis and after taking into consideration the following:

- (i) GHIAL’s audited consolidated profit attributable to equity shareholders for the financial year ended March 31, 2017 is Rs.2,834.2 million (approximately RM172.0 million) and Net Assets as at March 31, 2017 is Rs.3,026.2 million (approximately RM183.7 million); and
- (ii) the fair market valuation report prepared by an independent professional business valuer in 2017 and the future prospect of GHIAL in the concession-based airport operation and development business.

5.0 RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal provides an opportunity for the MAHB Group to unlock its investment in GHIAL at an attractive value.

6.0 UTILIZATION OF PROCEEDS FROM PROPOSED DISPOSAL

This Proposed Disposal is part of MAHB Group’s portfolio rebalancing strategy and the proceeds are intended for general corporate purposes and expenses in relation to the Proposed Disposal.

7.0 RISK FACTOR

The Board of MAHB does not foresee any material risk arising from the Proposed Disposal, save for the risk of non-completion of the Proposed Disposal in the event the approvals required as set out in Section 4.2 above are not obtained. In addition, there can be no assurance that the Proposed Disposals can be completed within the time frame set out in Section 13.0 below and any delay and/or non-completion of the Proposed Disposal will delay and/or prevent the Company from achieving the objectives and benefits of the Proposed Disposal as set out in Section 5.0 above.

The Company shall ensure that every effort is made to obtain all necessary approvals for the Proposed Disposals.

8.0 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

8.1 Issued and Paid-Up Share Capital and Substantial Shareholders’ Shareholdings

The Proposed Disposal is not expected to have any effect on MAHB’s issued and paid-up share capital and/or MAHB’s substantial shareholders’ shareholding in MAHB.

8.2 Net Assets (“NA”), NA per Share and Gearing

The Proposed Disposal is not expected to have a material effect on MAHB’s consolidated NA, NA per share and gearing as at 31 December 2018.

8.3 Earnings and Earnings per Share (“EPS”)

The gain arising from the Proposed Disposal is estimated to be RM255.14 million. As such, the Proposed Disposal is expected to increase the EPS for the financial year ending 31 December 2018 by 15.38 sen.

8.4 Date and Original Cost of Investment

Based on the investment made in 2002 by MAMPL and MAHB in GHIAL, the total cost of investment for the 11% stake is approximately RM40.2 million.

9.0 APPROVALS REQUIRED

The Proposed Disposal is subject to the following being obtained:

- (i) The fulfilment of the conditions precedent as set out in Section 4.2 of this announcement; and
- (ii) Approval of any other relevant parties / authorities (if required).

The Proposed Disposal is not subject to the approval from the shareholders of MAHB.

10. INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and major shareholders of MAHB and/or persons connected to them has any direct or indirect interest in the Proposed Disposal.

11. DIRECTORS’ STATEMENT

The Board of Directors of MAHB, after having considered all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of MAHB.

12. OTHER INFORMATION REQUIRED UNDER THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“MAIN LR”)

The highest percentage ratio applicable on the Proposed Disposal pursuant to paragraph 10.02(g) of the Main LR is 3.35%.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances and subject to all required approvals being obtained, the Proposed Disposal is expected to be completed by 30 April 2018 subject to an extension of up to 1 December 2018.

14. DOCUMENTS FOR INSPECTION

A copy of the SPA will be made available for inspection at MAHB's registered office at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor, Malaysia during normal office hours from Mondays to Fridays (excluding public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 2 February 2018.