

## **GENERAL ANNOUNCEMENT**

### **MALAYSIA AIRPORTS HOLDINGS BERHAD (“MAHB” OR “THE COMPANY”)**

### **PROPOSED DISPOSAL OF ENTIRE 11% EQUITY INTEREST IN GMR HYDERABAD INTERNATIONAL AIRPORT LIMITED (“GHIAL”) (“PROPOSED DISPOSAL”)**

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#### **1. INTRODUCTION**

The Board of Directors of MAHB (“**Board**”) wishes to announce that the Company, together with its wholly owned subsidiary, MAHB (Mauritius) Private Limited (“**MAMPL**”) (MAHB and MAMPL are collectively referred to as the “**Sellers**”), have on 25 October 2023 entered into a Sale and Purchase Agreement (“**SPA**”) with GMR Airports Singapore Private Limited (“**GASPL**” or the “**Buyer**”) for the disposal of the entire 41,580,000 equity shares of Rs.10 each, representing 11% of the issued and paid-up share capital of GHIAL (“**Sale Shares**”) to GASPL, for a cash consideration of USD100 million (approximately RM478.85 million) subject to the terms and conditions of the SPA (“**Transaction**”). GMR Airports Limited (“**GAL**”) is also a party in the SPA.

*(Unless otherwise stated, the exchange rate of the United States Dollar (“**USD**”) 1.00 : Ringgit Malaysia (“**RM**”) 4.7885 and Indian Rupee (“**RS**”) 100.00 : RM 5.7682 being the middle rates prevailing as at 09:00 on 25 October 2023 as published by Bank Negara Malaysia, have been applied in this announcement for illustration purposes)*

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

##### **2.1. Salient terms of the SPA**

The salient terms of the SPA include, inter alia, the following:

###### **2.1.1. Sale and Purchase**

On the terms of the SPA and subject to the satisfaction (or waiver) of the conditions precedent, each of the Sellers agrees to sell, and the Buyer agrees to buy, the Sale Shares.

On the signing date of the SPA (the “**Signing Date**”), the Sellers and the Buyers (“**Parties**”) and GAL shall comply with their respective obligations set out in the SPA.

GAL shall co-operate with and provide reasonable assistance to the Parties in giving effect to the terms of the SPA.

###### **2.1.2. Consideration**

The consideration for the purchase of the Sale Shares (“**Consideration**”) is the sum of USD100 million in cash which entails the following:

- (i) The consideration for the purchase of the Sale Shares held by MAHB amounts to USD15,536 in cash, representing 0.02% of the Consideration; and

- (ii) The consideration for the purchase of the Sale Shares held by MAMPL amounts to USD99,984,464 in cash, representing 99.98% of the Consideration.

The Consideration shall be payable as follows:

- (i) USD1.5 million (the “**Escrow Amount**”) shall be deposited by the Buyer within seven (7) days from the Signing Date into the escrow account; and
- (ii) USD98.5 million shall be paid by the Buyer to the Sellers in cash on the date on which completion of the sale and purchase of the Sale Shares occurs (the “**Completion Date**”), less any amount prior agreed in writing between the Buyer and MAHB with respect to tax.

All payments shall be made in USD unless otherwise agreed in writing by the Sellers.

If the Buyer fails to deposit the Escrow Amount for reasons solely attributable to the Buyer, the Sellers shall be entitled to terminate this SPA and shall also be entitled to be promptly paid compensation from the Buyer for an amount equivalent to USD1.5 million.

### **2.1.3. Conditions Precedent**

The completion of the sale and purchase of the Sale Shares (“**Completion**”) shall be conditional upon the fulfilment of the following conditions precedent:

#### Buyer Conditions

- (i) The Buyer passing resolutions at a board meeting of the Buyer approving the transactions contemplated by the SPA, escrow agreement and all other agreements or documents to be entered into pursuant to any provision of the SPA (“**Transaction Documents**”) and the necessary Transaction Documents as part of or to effect Completion;
- (ii) All Transaction Documents shall be in full force and effect, and the Buyer shall not have breached any of the Transaction Documents;
- (iii) The Buyer's warranties which are customary title and capacity warranties and compliance with anti-bribery and anti-money laundering laws which are more particularly set out in the SPA, shall be true, correct and not misleading on the Signing Date and on the Completion Date; and
- (iv) The resolutions of GHIAL relating to the matters including but not limited to approving and taking on record the transfer of the Sale Shares in the name of the Buyer and the registration of the Buyer as the sole legal and beneficial owner of the Sale Shares, taking on record the resignation of the Sellers' representative director as a director of GHIAL, and approving such other matters as are agreed between the parties which are necessary or required to give effect to the transactions contemplated under the SPA to achieve Completion, shall be in the agreed form.

### Sellers Conditions

- (i) Each of MAHB and MAMPL passing a resolution of its Board approving the transactions contemplated by the Transaction Documents and the necessary Transaction Documents as part of or to effect Completion;
- (ii) All Transaction Documents shall be in full force and effect, and the Sellers shall not have breached any of the Transaction Documents;
- (iii) The Sellers shall provide to the Buyer the tax computation for the transfer of the Sale Shares providing for capital gains within 3 Business Days of the Signing Date and/or the Completion Date on a reliance basis in a form acceptable to the Buyer;
- (iv) The Sellers shall provide a tax status letter from an accounting firm to be mutually agreed (“**Mutually Agreed Firm**”) in a form acceptable to the Buyer, confirming that: (a) the Sellers have not received any notices or any orders from the Indian income-tax authorities; (b) no tax proceedings arising in respect of the SPA are pending or to the knowledge of the Sellers, impending to be initiated against the Sellers; and (c) there are no outstanding demands (including interest and penalties) payable by the Sellers and no notice under Rule 2 of the Second Schedule to the Indian Income-tax Act 1961 has been served on the Sellers (“**Tax Status Letter**”); except those as disclosed in the Tax Status Letter; within 3 Business Days of the Signing Date and/or the Completion Date;
- (v) MAMPL shall have delivered to the Buyer a tax opinion from a Mutually Agreed Firm in relation to the withholding tax implications in India on the transfer of the Sale Shares to the Buyer, in a form acceptable to the Buyer, on a reliance basis, along with the Tax Residency Certificate obtained from the Mauritian Tax Authority;
- (vi) The Sellers shall provide requisite information to the Buyer to enable the Buyer to file Forms 15CA and 15CB; and
- (vii) The Sellers' warranties which are customary title and capacity warranties and compliance with anti-bribery and anti-money laundering laws which are more particularly set out in the SPA shall be true, correct and not misleading on the Signing Date and on the Completion Date.

#### **2.1.4. Cost and expenses**

Each party to the SPA shall bear its own costs, charges and expenses in relation to the Transaction, save as disclosed in Section 2.1.2 above or where expressly provided otherwise in the SPA.

#### **2.1.5. Completion Date**

Completion is subject to and conditional upon the conditions precedent of the SPA being satisfied (or waived) by the date falling 135 days from the Signing Date or such other later date as may be agreed to in writing by the Sellers (“**Longstop Date**”).

### **2.1.6. Termination of the SPA**

The SPA may be terminated prior to the Longstop Date:

- (i) upon the dissolution of GHIAL; or
- (ii) upon the mutual written agreement of the Buyer and Sellers that the SPA be terminated; or
- (iii) by the Sellers upon a material breach or default by the Buyer of its obligations under the terms of the SPA that is not cured within 20 business days of receipt of written notice that it is in breach or is unable to be cured; or
- (iv) by the Buyer upon a material breach or default by the Sellers of their obligations under the terms of the SPA that is not cured within 20 business days of receipt of written notice that either Seller is in breach or is unable to be cured.

In the event the Completion does not take place on or before the Longstop Date, the SPA and the Transaction Documents shall automatically terminate with immediate effect.

### **2.1.7. Break Fee**

In the event the Completion does not occur by the Longstop Date due to reasons solely attributable to the Buyer (including any failure by the Buyer to raise sufficient financing to be able to satisfy the Consideration), the Escrow Amount together with all interest accrued shall be payable to the Sellers (on a basis proportionate to their respective shareholdings in GHIAL) as a break fee.

In the event that Completion does not occur on or before the Longstop Date:

- (i) due to reasons solely attributable to the Sellers;
- (ii) due to reasons not solely attributable to the Buyer; or
- (iii) due to termination of the SPA prior to Completion by mutual written agreement of the parties to the SPA;

the Escrow Amount together with all interest accrued shall be released and refunded to the Buyer.

### **2.1.8. Governing Law & Jurisdiction**

The SPA shall be governed by, and construed in accordance with, the laws of England and Wales.

## **2.2. Basis and Justifications for Arriving at the Sale Consideration**

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

- (i) The audited consolidated net assets of GHIAL as of 31 March 2023 of Rs.14,011.1 million (approximately RM808.2 million implying the Sellers’ 11% equity share amounting to approximately RM88.9 million);
- (ii) the audited carrying book value of MAMPL and the Company’s investment in GHIAL as of 31 December 2022 of USD76.0 million; and
- (iii) future earnings, growth prospect of GHIAL as well as the lack of control and the marketability of the unquoted minority stake held by the Company.

## **2.3. Liabilities and Guarantees**

Save for any liability arising from the obligations, and warranties contained in the SPA, there are no other liabilities including contingent liabilities and/or guarantees which will remain with or given by the Sellers pursuant to the Proposed Disposal.

## **3. INFORMATION ON GHIAL**

### **3.1. Overview**

GHIAL is a public limited company domiciled in India. It was incorporated in 2002 under the Indian Companies Act, 1956 and having its registered office at GMR Aero Towers, Rajiv Gandhi International Airport, Shamshabad, Hyderabad 500 108, Telangana, India.

The principal activities of GHIAL are the provision of airport management services on a build, owned, operate and transfer, as well as operate only model. At present, GHIAL manages the operations of Rajiv Gandhi International Airport (“**RGIA**” or “**the Airport**”) in Hyderabad, India, and the Bidar Airport in Karnataka, India.

The subsidiaries and joint venture companies in the GHIAL Group are engaged in the operation of airport infrastructure and other affiliated services such as cargo handling, development of airport city and special economic zone, trading of goods at duty free areas at airports, hospitality services, development of logistic park and maintenance, repair and overhaul facility (“**MRO**”) of aircrafts around the RGIA.

### **3.2. Issued share capital**

The authorised share capital of GHIAL stands at Rs.4,000,000,000 comprising 400,000,000 equity shares of Rs.10 each and its paid-up share capital stands at Rs.3,780,000,000 comprising 378,000,000 equity shares of Rs.10 each.

### 3.3. Shareholding structure

The present shareholding structure of GHIAL is as follows:

Name of the Shareholder	No. of Shares Held	Percentage
GMR Airports Limited	238,138,999	63%
GMR Airports Infrastructure Limited	1,000	-
GMR Aerostructure Services Limited	1	-
Airports Authority of India	49,140,000	13%
The Government of Telangana State	49,140,000	13%
MAHB (Mauritius) Private Limited	41,573,540	11%
Malaysia Airports Holdings Berhad	6,460	
<b>Total</b>	<b>378,000,000</b>	<b>100%</b>

### 3.4. The Concession

Under the Airports Authority of India Act, 1994, as amended by the Airports Authority of India (Amendment) Act, 2003, GHIAL entered into a Concession Agreement on 20 December 2004 with the Ministry of Civil Aviation (“**MoCA**”) of the Government of India (“**GOI**”) (“**Concession Agreement**”), pursuant to which GHIAL was granted the exclusive right and privilege to operate, maintain, develop, design, construct, commission, finance and manage the Airport, as well as to perform certain aeronautical and non-aeronautical operations at the Airport, as described below. Specifically, the Concession Agreement provides that GOI recognises GHIAL’s rights to carry out:

- (i) any activity or business related or ancillary to the operation, maintenance, development, design, construction, commissioning, financing, and management of the Airport or which GHIAL considers desirable or appropriate to be carried on or engaged in connection therewith (including any infrastructure service);
- (ii) any activity or business in connection with or related to the arrival, departure and/or handling of aircraft, passengers, baggage, cargo and/or mail at the Airport; and
- (iii) any activity or business in connection with or related to the development or operation of the Airport to generate revenue including the development of commercial ventures such as hotels, restaurants, conference venues, meeting facilities, business centres, trade fairs, real estate, theme parks, amusement arcades, golf courses and other sports and entertainment facilities, banks, exchanges and shopping malls.

In consideration for GOI granting GHIAL the Concession, GHIAL agreed to pay GOI an annual concession fee throughout the term of the Concession equal to 4.0% of GHIAL’s standalone pre-tax gross revenue.

### **3.4.1. Concession period**

The term of the Concession Agreement is 30 years beginning on 23 March 2008 (the “**Airport Opening Date**”) until 23 March 2038 (the 30th anniversary of the Airport Opening Date), with an option to extend the term for an additional 30 years, which GHIAL had already exercised.

GHIAL had on 9 May 2022 announced that a confirmation letter from MoCA had been received, extending the term of the Concession Agreement for operating RGIA for a further period of 30 years up to 22 March 2068.

On the expiry of the 55th anniversary of the Airport Opening Date, GHIAL must mutually agree the revised terms and conditions of the extended Concession Agreement by 23 March 2065 (the expiry of the 57th anniversary of the Airport Opening Date), failing which, (i) the Concession Agreement will expire on 23 March 2068 (the 60th anniversary of the Airport Opening Date) and GOI or its nominee will acquire all of GHIAL rights, title and interests to the Airport, and (ii) GOI may negotiate a new concession agreement with third parties on terms no more favourable than those offered to GHIAL.

### **3.4.2. Nature of the concession**

The concession is undertaken on a build, own, operate and transfer. The nature of the relationship between GHIAL and MoCA as the grantor of the concession is on contractual basis.

### **3.4.3. Financing**

Under the Concession Agreement, GHIAL is obligated to develop and implement detailed proposals including the master plan for long-term expansion of the Airport (“**Master Plan**”), taking into account increased demand, the availability of funding, profitability, and the reasonable requirements of the users of the Airport.

GHIAL had funded the existing terminal via debt financing, equity financing, state development grant as well as interest free loan from the state. GHIAL plan to finance the remaining capital expenditures pursuant to the Master Plan via combination of external debt financing and internally generated cash flows from operations in the coming years.

## **3.5. Regulated asset base**

The GOI established Airport Economic Regulatory Authority (“**AERA**”) in May 2009 as the economic regulatory authority responsible for the regulation of aeronautical tariffs and other matters for certain airports in India, including RGIA under the Airports Economic Regulatory Authority of India Act, 2008.

Under the regulatory system, AERA sets the specific prices for aeronautical services of GHIAL in the form of tariffs for five-year “control periods.” The primary components to be used by AERA in setting the aeronautical tariffs at the Airport are returns on the regulated asset base, fair rate of return, operating costs, depreciation, taxes and 30% of the gross revenue generated from non-aeronautical operations on a standalone basis.

Through considering those factors, AERA determines the net present value of GHIAL's target aeronautical revenue requirement for each control period, which equals the net present value of the projected revenue from aeronautical operations according to the relevant traffic forecasts and aeronautical services rates over the same period, and then sets the tariffs based on that target.

### **3.6. Financial information**

As per its audited consolidated financial statement for the financial year ended 31 March 2023, GHIAL reported a consolidated revenue of Rs.20,883.5 million (approximately RM1,204.6 million), consolidated net profit of Rs.1,079.0 million (approximately RM62.2 million), and consolidated net assets of Rs.14,011.1 million (approximately RM808.2 million).

## **4. INFORMATION ON THE PARTIES TO THE SPA**

### **4.1. GASPL**

GASPL is a limited liability company incorporated in Singapore with its registered office at 33A Chander Road Singapore 219539 and principal place of business at 135 Cecil Street, #14-01 Philippine Airlines Building, Singapore 069536.

The principal activities of GASPL are those of airport infrastructure construction, engineering design and consultancy services.

The immediate holding company of GASPL is GMR Airports International B.V., a company incorporated in Netherlands, which owns 100% of the issued ordinary share capital of the company. GMR Airports International B.V is a subsidiary of GAL. The ultimate holding company is GMR Enterprises Private Limited, a company incorporated in India.

The following are the list of board of directors of GASPL as of 30 September 2023:

- (i) Puvan Sripathy;
- (ii) Vivek Singhal; and
- (iii) Ranganathan Venkataramani.

### **4.2. GAL**

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

As of 31 August 2023, the authorised share capital of GAL is Rs.30,000,000,000, comprising 1,500,000,000 equity shares of Rs 10 each and 1,500,000,000 preference shares of Rs.10 each, of which 1,406,669,470 equity shares of Rs.10 each and



273,516,392 Class A Compulsorily Convertible Preference Shares of Rs.10 each (“**CCPS**”), 50,801,774 Class B CCPS, 42,334,812 Class C CCPS, and 76,202,661 Class D CCPS respectively are issued and fully paid-up.

#### **4.3. MAMPL**

MAMPL is a private limited company incorporated under the laws of Mauritius on 21 August 2006 and having its registered office at 3rd Floor Rogers House, No. 5 President John Kennedy Street, Port Louis, Mauritius, is a wholly owned subsidiary of the Company. The principal activity of MAMPL is investment holding.

As of 30 September 2023, the issued and paid-up capital of MAMPL is USD 2 divided into two (2) shares of USD 1 each.

#### **4.4. MAHB**

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

The principal activity of the Company is investment holding. Its subsidiaries are mainly involved in the management, operations, maintenance, and provision of airport related services in Malaysia, India, and Turkiye.

As of 30 September 2023, the issued and paid-up capital is RM5.1 billion.

### **5. RATIONALE FOR THE PROPOSED DISPOSAL**

The Proposed Disposal provides an opportunity to the MAHB Group to dispose and unlock the value of its non-core assets and streamline its overseas investment portfolio.

Since the opening of the Rajiv Gandhi International Airport on 23 March 2008, MAHB Group had only received USD6.41million (approximately RM30.7 million) of dividend from GHIAL.

Hence, the Proposed Disposal enables MAHB Group to unlock its investment in GHIAL as it only holds a minority stake and does not exercise control and would instead reinvest the disposal proceed into assets where the Group has more direct control in its investment.

### **6. UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSAL**

The proceeds from the Proposed Disposal are intended to be utilised for capital expenditure, general corporate purposes and to defray the expenses in relation to the Proposed Disposal.

The proceeds are expected to be fully utilised within the next 12 months.

## 7. 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 of the unfulfillment of the condition precedent set out in Section 2.1.3 above.

There can be no assurance that the Proposed Disposal 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 complete the Proposed Disposals in a timely manner.

## 8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 8.1. Issued and Paid-Up Share Capital and Substantial Shareholders' Shareholdings

The Proposed Disposal will not have any effect on the Company's issued and paid-up share capital and/or the shareholdings of its substantial shareholders.

### 8.2. Net Assets ("NA"), NA per Share and Gearing

The Proposed Disposal is expected to contribute positively to the Company's consolidated NA, NA per share and gearing for the financial year should it be completed during the year.

### 8.3. Earnings and Earnings per Share ("EPS")

The Proposed Disposal is expected to contribute positively to the earnings and EPS for the financial year should it be completed during the year.

For illustrative purposes, based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2022 ("FYE 2022") and assuming the Proposed Disposal had completed on 31 December 2022, it is expected to realise a gain of USD23.7 million (approximately RM113.5 million) summarised as follows:

	<b>Audited as at 31 December 2022 (RM'million)</b>	<b>After Proposed Disposal (RM'million)</b>
Profit after tax ("PAT")	187.20	187.20
Distribution to perpetual sukuk holders	(57.50)	(57.50)
Proforma gain on the Proposed Disposal <sup>(1)</sup>	-	113.48
<b>PAT</b>	<b>129.70</b>	<b>243.18</b>
No. of MAHB Shares in issue ('million)	1,659.19	1,659.19
<b>EPS (Sen)</b>	<b>7.82</b>	<b>14.65</b>

**Note:**

(1) The proforma gain on the Proposed Disposal is computed as follows:

	<b>USD'million</b>	<b>RM'million</b>
Proposed Disposal proceeds	100.00	478.85
Less:		
Fair Value Through Profit and Loss of 11% equity interest in GHIAL	(76.00)	(363.93)
Estimated expenses for the Proposed Disposal <sup>(i)</sup>	(0.30)	(1.44)
<b>Estimated gain on the Proposed Disposal to owners of the Company</b>	<b>23.70</b>	<b>113.48</b>

(i) Consist of amongst others professional and legal fees, tax payable to the relevant authority and miscellaneous expenses relating to the Proposed Disposal

**8.4. Date and Original Cost of Investment**

The total cost of investment made by MAMPL and the Company for the 11% stake in GHIAL is Rs 415.8 million or approximately USD9.9 million, calculated based on the prevailing exchange rate at the time of acquisition.

<b>Name of the Shareholder</b>	<b>Date of Allotment</b>	<b>No. of equity Shares</b>	<b>Value per equity share (Rs.)</b>	<b>Cost of Acquisition (Rs.)</b>
MAHB	29 Oct 2003	6,460	10	64,600
MAMPL	16 Jul 2008	38,262,700	10	382,627,000
	21 Jan 2009	3,310,840	10	33,108,400
<b>Total</b>		<b>41,580,000</b>		<b>415,800,000</b>

As of 31 December 2022, the carrying book value of the investment in GHIAL is reflected as fair value through profit and loss amounted to USD76.0 million.

**9. APPROVALS REQUIRED**

The Proposed Disposal is subject to the condition precedents as set out in Section 2.1.3 of this announcement including the approvals as stated therein.

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

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

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

## **11. DIRECTORS' STATEMENT**

Having considered all aspects of the Proposed Disposal, the Board of Directors is of the opinion that it is in the best interest of the Company.

## **12. PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DISPOSAL PURSUANT TO PARAGRAPH 10.02(G) UNDER THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("MMLR")**

Pursuant to paragraph 10.02(g) of the MMLR, the highest percentage ratio applicable to the Proposed Disposal is 6.4%.

## **13. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring unforeseen circumstances and subject to all approvals being obtained, the Proposed Disposal is expected to be completed by the first quarter of 2024.

## **14. DOCUMENTS FOR INSPECTION**

A copy of the SPA will be made available for inspection at the registered office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia, during normal office hours from Mondays to Fridays (excluding public holidays) for a period of seven (7) business days from the date of this announcement.

This announcement is dated 25 October 2023.