

Your Ref : IQL-21042017-00001
Date : 25 April 2017

PUAN SUZALINA HARUN
Senior Vice President, Issuers
Listing Division, Regulation
Bursa Malaysia Berhad

Dear Sir/Mdm,

Subject: Writ of Summons served on Malaysia Airports Holdings Berhad

We refer to the above matter and to your letter dated 21 April 2017 in respect of the abovesaid matter.

Please find our reply to your queries as follows:-

Question 1:

The details of the circumstances leading to the filing of the Writ of Summons against your company.

The Company had appointed Syarikat Pembinaan Anggerik Sdn Bhd (“SPASB”) as the main contractor via Letter of Offer dated 2 September 2010, Letter of Offer dated 13 January 2011 and the Contract Agreements relating thereto, for the following works:

- (a) Proposed Development and Upgrading Works at Penang International Airport, Bayan Lepas, Pulau Pinang (“Package 2); and
- (b) Proposed Construction and Completion of Site Office, Central Utilities Building and Airside Drainage Works at Penang International Airport (“Package 1”).

(Package 1 and Package 2 shall also be referred collectively as the Contract(s))

There were delays in the completion of the works. Despite the delays, SPASB alleged that:-

- (i) there is balance due to SPASB for the works done under the Contract(s):-
 - *Balance of payment for Package 1 amounting to RM 728,063.66; and*
 - *Balance of payment for Package 2 amounting to RM 6,859,697.29.*
- (ii) it is entitled to claim for loss and damages due to unexpected acceleration of relevant portion of the works in respect of Package 2. The details of the acceleration claims made by SPASB includes, *inter alia*:-
 - Additional labour/Sub-contractor costs;
 - Stacking of labour/ Sub-contractor costs;
 - Overtime cost;
 - Productivity loss;
 - Additional plant and equipment cost;
 - Additional supervision cost;

- Increased material and material delivery costs;
- Increased overheads cost.

Acceleration Claim made by SPASB: RM20,076,768.75

- (iii) it is entitled to claim for loss and expenses arising out of circumstances leading to the delay in the execution of the Works in respect of Package 2.

Prolongation Claim made by SPASB: RM 11,990,316.70

- (iv) it is entitled to claim for loss in terms of finance charges on borrowings from financial institutions *inter alia* to partially meet its own financial obligations towards its supplier and sub-contractors arising out of the carrying out of the works and approved variations works thereto

Interest/Finance Charges claim: RM 4,337,446.38

Question 2:

The operational impact of the Writ of Summons to the Group.

The Group is of the opinion that the Writ of Summons is not expected to have any material impact on the operational position of the Group for the financial year ending 31 December 2017.

Question 3:

The expected losses, if any, arising from the Writ of Summons.

SPASB has claimed the total sum of RM 43,992,292.78 plus interest and costs. Subject to the legal advice from the Company's Solicitors concerning the validity of the claim arising from the Writ of Summons, the estimated liability/losses would be the total sum claimed by SPASB. The Company's Solicitors continue to have the opinion that the Company has a reasonably good prospect of defending SPASB's claims.

Thank you.

Regards.

MALAYSIA AIRPORTS HOLDINGS BERHAD