

BURSA ANNOUNCEMENT

AIRASIA X BERHAD (“AAX” OR THE “COMPANY”)

PASSENGER CHARTER AND ANCILLARY SERVICES AGREEMENT ENTERED INTO BETWEEN AIRASIA X BERHAD (“AAX” OR THE “COMPANY”) AND AIRASIA BERHAD (“AAB”)

1. INTRODUCTION

The Board of Directors of AirAsia X Berhad (“AAX” or “the Company”) wishes to announce that AAX, had on 2 November 2023 entered into a Passenger Charter and Ancillary Agreement with AirAsia Berhad (“AAB”) to operate charter flights to transport the Malaysian Battalion (MALBATT) 850 forces to Beirut, Lebanon (vice versa) for the United Nations Interim Force in Lebanon’s (UNIFIL) peacekeeping mission (“Charter Operation”) commencing from 1 October 2023 – 30 September 2026 .

2. DETAILS OF AAB

AAB is a low-cost carrier which was established in 2001 and listed on the Main Market of Bursa Malaysia Securities Berhad in November 2004, with hubs in Kuala Lumpur, Penang, Johor Bahru, Kuching and Kota Kinabalu. Since pioneering the short-haul low-cost carrier model in Asean in 2001, AAB has grown from a domestic airline in Malaysia to the leading low-cost airline in Asia. It currently operates a fleet of 101 Airbus A320s.

In 2017, AAB undertook an internal reorganization by way of a members’ scheme of arrangement under Section 366 of the Companies Act 2016. Following the completion of the internal reorganization of AAB and the transfer of its listing status to Capital A Berhad (“**Capital A**”) on 16 April 2018, AAB is now a wholly-owned subsidiary of Capital A.

AAB was incorporated in Malaysia on 20 December 1993. The principal activity of AAB is providing air transport services. The issued share capital of AAB is RM2,515,438,408.00 comprising of 3,341,974,080 ordinary shares.

The Directors of AAB are Datuk Kamarudin bin Meranun, Riad Asmat and Jasmindar Kaur a/p Sarban Singh.

3. SALIENT TERMS OF TRANSACTIONS

- (a) Contract Term : 1 October 2023 until 30 September 2026
- (b) Number of flights: Four (4) times per year, tentatively within October/November
- (c) Contract Sum: MYR 29,703,600

The Contract Sum shall include the followings services:-

- Total of 4x return Charter Flight per year between TUDM Subang Airport (SZB) and Beirut, Lebanon (BEY) with aircraft seat capacity of minimum 270 passengers, include inflight meals, cargo tonnage of 18 tonnes and Insurance
- Annual Commercial Flight tickets of 30 special Malaysian Armed Forces delegates personnels to/from Beirut (including 50kg baggage allowance, insurance and inflight meals)
- Annual Commercial Return Flight tickets to/from Beirut of 10 passengers (Business Class including 50kg baggage allowance, insurance and inflight meals)
- Meals and Accommodation at Shah Alam (Concorde Shah Alam or equivalent) for the troops (4 times a year)
- Ground Catering and Facilities (lunch or dinner) in Subang Airport (TUDM) during the Send-off (1290 troops and family and 100 VIP) and Welcoming Ceremony (1290 troops and family and 60 VIP)
- Transportation from homebase to airport and back for the troops, baggage and cargo
- Supply of cargo packing services and equipment
- Traveling bags for troops
- Delivery of Dangerous Goods to Beirut 1 time in 3 years

(d) Payment Terms:

- The Contract Sum will be paid in the course of three (3) years. Upon completion of each yearly operation of the Charter Operation (i.e., after the 4th charter operation in a year), AAX shall provide an invoice to AAB for the relevant amount payable for the 4 operations in that particular year.
- Further, AAB shall also provide an invoice for the 3% commission amount upon completion of the yearly operation of the Charter Operation.
- Within thirty (30) days of receipt of the respective invoices, both parties shall make payment of the amount invoiced to the other party.

(e) Indemnify:

AAX shall fully indemnify AAB from and against all claims of every kind:

- resulting from any accident, damage, loss, injury, or death to any persons or property, insofar as they result solely from or is contributed by any act, omission, default or negligence of AAX or any of its agents, servants and/or employees in providing the Services. AAB shall have no responsibility or liability whatsoever in relation to such accident, damage, injury, or death unless its actions or omissions contribute to the occurrence of these events; and
- which is brought against AAB by MINDEF for any breach of or relating to the agreement between AAB and MINDEF for the Charter Operation as a consequence of AAX's action, omission, material breach, or negligence in providing the Services.

Notwithstanding the above, AAX shall not be required to indemnify the AAB for any portion of any liability arising from AAB's breach of the Agreement, negligence or willful misconduct.

(f) Termination:

Termination of the Charter Operation Agreement between AAB and MINDEF

The Agreement will be terminated automatically if the agreement between AAB and MINDEF terminates for any reason whatsoever.

Termination for Default or Insolvency

AAB or AAX may terminate the Agreement immediately by notice if:

- The other party is in material breach of the terms of the Agreement which is incapable of being remedied, or if not capable of remedy, fails to be remedied within thirty (30) days of written notice from the non-defaulting party; and
- The other party is under an insolvency event which includes having a receiver or administrator appointed, enters into liquidation, commits an act of bankruptcy, ceases trading, or any event occurring under the applicable laws having an effect equivalent to the foregoing events.

4. CONSIDERATION

AAX will receive a total consideration of Ringgit Malaysia Twenty Nine Million Seven Hundreds and Three Thousand Six Hundreds (RM29,703,600.00).

5. BASIS OF ARRIVING AT AND JUSTIFICATION FOR THE CONSIDERATION

The salient terms in the Transactions are based on the current market practice and the same terms are available to other charter bearing the brand name of AirAsia X or AirAsia, subject to the market situation and other variables at such time. Furthermore, the rates offered to AAB were arrived at on an agreed basis by both AAX and AAB, and derived based on the operational cost and aircraft downtime.

6. EFFECTS OF THE TRANSACTIONS

The Transactions will not have any material financial impact on the Company and/or its subsidiaries ("**Group**") in the financial year ending 30 June 2023 nor will it have any effect on the share capital and substantial shareholders' shareholdings of AAX. It is also not expected to have a material effect on the net assets per share, earnings per share and gearing of the Group for the financial year ending 30 June 2023.

7. RISK FACTORS

The financial risks associated with the Transactions are expected to be limited to the contract value. There is no other risk associated with the Transactions.

8. RATIONALE OF THE TRANSACTIONS

AAX has excess capacity available to cater the requested Charter Operation and with a view to generate revenue with a 27% projected margin, hence the Agreement with AAB.

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

Datuk Kamarudin bin Meranun is deemed interested in the Transactions by virtue of him being the director and major shareholder of AAX, and the director and the major shareholder of Capital A, which wholly-owns AAB. Dato' Fam Lee Ee is a director in Capital A, and represents Capital A as a Director in AAX.

(Datuk Kamarudin and Dato' Fam are hereinafter referred to collectively as "**Related Parties**").

The shareholdings of the Interested Directors in AAX are as follows:

Parties	Direct		Indirect	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
<u>Directors</u>				
Datuk Kamarudin bin Meranun	37,070,993	8.291	131,033,136*	29.309
Tan Sri Anthony Francis Fernandes	11,130,372	2.490	131,033,136*	29.309
Dato' Fam Lee Ee	-	-	-	-

<u>Major Shareholders</u>				
Tune Group Sdn. Bhd.	73,960,286	16.543	-	-
AAB	57,072,850	12.766	-	-
Datuk Kamarudin bin Meranun	37,070,993	8.291	131,033,136*	29.309
Tan Sri Anthony Francis Fernandes	11,130,372	2.490	131,033,136*	29.309

**Deemed interested by virtue of their interests in AAB and Tune Group Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016*

The Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Transactions.

10. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of AAX, having considered all the relevant factors in respect of the Transactions, is of the view that the Transactions are in the best interest of the Company as the Transactions are entered under fair, reasonable and on normal commercial terms which are not detrimental to the interest of the minority shareholders of the Company.

11. BOARD OF DIRECTORS' STATEMENT

The Directors (other than, Datuk Kamarudin bin Meranun and Dato' Fam Lee Ee) having considered all the relevant factors in respect of the Transactions, are of the view that entering into the Transactions are in the best interest of the Company, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders of the Company.

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Transactions pursuant to Paragraph 10.12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 2.75%, based on AAX's audited consolidated financial statements for the financial year ended 31 December 2022.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The Agreement is available for inspection at the registered office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000, KLIA, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 2 November 2023.