

AIRASIA X BERHAD

– CONDITIONAL AMENDMENT AGREEMENT (NO. 19) TO THE A330-300 PURCHASE AGREEMENT DATED 14 JUNE 2007 WITH AIRBUS S.A.S.

1. INTRODUCTION

AirAsia X Berhad (“the **Company**”) wishes to announce that the Company had on 19 July 2018 entered into a conditional amendment agreement to the A330-300 Purchase Agreement dated 14 June 2007 with Airbus S.A.S. (“**Conditional Agreement**”).

2. BACKGROUND OF PARTY TO THE CONDITIONAL AGREEMENT

Airbus S.A.S. (“**Airbus**”) is an entity incorporated under the laws of France, and is a global leader in the designing, manufacturing and selling of civil aeronautical products e.g. commercial aircraft where all member airline companies of the AirAsia and AirAsia X groups currently operate solely using Airbus aircraft. The Company currently utilizes the A330-type aircraft manufactured by Airbus for its operations (by way of direct purchase from Airbus or via third party lease).

3. SALIENT TERMS OF THE CONDITIONAL AGREEMENT

The Conditional Agreement remains subject to the approval of the Board of Directors of the Company, and is not legally binding on the Company and Airbus until and unless such approval is obtained from the Board of Directors of the Company.

Pursuant to the terms of the Agreement, the Company will purchase and take delivery of an additional thirty four (34) aircraft from Airbus, which is of the A330-900neo type (“**Aircraft**”). The Aircraft shall be delivered to the Company between October 2019 and the second half of year 2028. The Aircraft shall each be fitted with a set of two (2) Rolls-Royce Trent 7000-72 engines.

4. RATIONALE OF THE CONDITIONAL AGREEMENT

The rationale for entering into this Conditional Agreement is to seek additional aircraft for the Company’s operational growth and also for aircraft replacement in respect of current aircraft on lease which will be returned to the respective lessors within the next 10 years.

The new generation Aircraft provide many benefits including greater fuel efficiencies, lower operating costs, enhanced customer comfort and importantly, greater range capability enabling non-stop services to new international markets, namely Europe and the United States. The additional delivery of these Aircraft also provide opportunities for the Company to operate from other hubs in Malaysia such as Penang and Kota Kinabalu.

5. RISK FACTORS

The execution of this Conditional Agreement is not expected to expose the Company to any significant business risk as the Company and its Board of Directors will exercise due consideration and care in considering the risks and benefits associated with the Conditional Agreement and will take appropriate measures to successfully implement the terms of the Conditional Agreement, once approved by the Board of Directors.

6. FINANCIAL EFFECTS OF THE MOU

The Conditional Agreement, once board approval is obtained, is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholding of the Company and the implementation thereof is expected to have a positive impact to the future earnings of the Company as the aircraft type procured pursuant to the Conditional Agreement will facilitate the Company's service and network expansion beyond Asia Pacific and to the rest of the world, and also to provide opportunities for the Company to operate from other hubs in Malaysia.

7. APPROVALS REQUIRED

The Conditional Agreement requires the approval of the Board of Directors of the Company.

8. DIRECTORS AND MAJOR SHAREHOLDERS INTEREST

None of the directors nor major shareholders and persons connected with them has any interest, direct or indirect, in the Conditional Agreement.

This announcement is dated 20 July 2018.