

Bursa Announcement

Subject: Charter Agreement of 24 Flights between Jakarta (“CGK”) and Kuala Lumpur (“KUL”) from PT. Indonesia AirAsia (“IAA”)

Contents:

1. Introduction

Pursuant to Paragraph 10.08(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“the Board”) of AirAsia X Berhad (“AirAsia X” or “the Company”) wishes to announce that the Company and IAA has on 4 January 2016 entered into the Charter Agreement (“Agreement”) for the provision of twenty four (24) return flights between CGK and KUL which sums up to 8640 seats as a dedicated fly-thru connectivity with the Company’s current Kuala Lumpur – Jeddah (“JED”) – Kuala Lumpur operations and positive returns.

2. Details of IAA

IAA was incorporated on 6 December 1999 as a limited liability company duly established and validly existing under the laws of the Republic of Indonesia.

IAA is principally engaged in commercial air transport services to provide low-cost air transportation services under the AirAsia brand in Indonesia.

Currently, AirAsia Investment Limited, a wholly owned subsidiary of AirAsia Berhad (“AAB”), and PT Fersindo each hold 49% and 51% equity interest respectively in IAA.

IAA is deemed to be a related party to AirAsia X by virtue of the fact that AAB’s Directors and major shareholders (i.e. Datuk Kamarudin Bin Meranun and Tan Sri Dr. Anthony Francis Fernandes) are also the Directors and major shareholders in AirAsia X.

(Tan Sri Dr. Anthony Francis Fernandes and Datuk Kamarudin Bin Meranun are collectively referred to as “Related Parties”).

3. Salient Terms of the Agreement

- 3.1 The charter between AAX and IAA shall commence on the date of the Agreement and will expire on 29 February 2016 or at the end of the extension period as may be agreed by AAX and IAA.
- 3.2 IAA agrees to charter its aircraft to AAX for the charter price of USD 648,000 for the charter period expiring on 29 February 2016. Any adjustment on the charter price shall be agreed between IAA and AAX.
- 3.3 The Company agree to charter the aircraft from IAA and IAA agree to make the aircraft available for the Company throughout the charter period for the flight sectors and in accordance to the flight schedule below:

FLT NO	SECTOR	STD-LT	STA-LT	STD-UTC	STA-UTC	DAYS OF OPS	REMARKS
QZ9010	CGK-KUL	22:20	1:20	15:20	17:20	3 & 7	Charter Flight
QZ9011	KUL-CGK	2:00	3:05	18:00	20:05	1 & 4	Charter Flight

- 3.3 AAX and IAA agrees all payment shall be made in full without deduction for any reason whatsoever, including withholding or other taxation or similar liability or requirement.
- 3.4 IAA may cancel the charter flight of particular flight schedule, by providing written notice effective upon its receipt by AAX, and IAA shall be liable to refund any fees and expenses which have been paid by AAX.
- 3.5 Any postponed chartered flight may be re-scheduled on a particular date and time as agreed by AAX and IAA. Subject to the approval of IAA, AAX shall be entitled to add any additional flight on the flight schedule by providing thirty (30) days prior written notice to IAA before the departure date of such additional flight.

- 3.6 In the event of any variation, diversion or addition to the charter flight not covered in the Agreement, at the request of AAX, AAX shall pay additional charter price at such other rate as determined by IAA.
- 3.5 The Agreement will be terminated upon accomplishment of the charter flight, or due to a breach by either party of a material obligation unless terminated earlier by providing thirty (30) days prior written notification.
- 3.6 The Agreement is governed by the laws of the Republic of Indonesia and the parties will be subjected to the Arbitration Rules of the Indonesian National Board of Arbitration/ Badan Arbitrasi Nasional Indonesia (BANI) for dispute resolution.

4. Financial Effect of the Agreement

The Agreement will not create material financial impact in the current financial year nor will it have any effect on the share capital and substantial shareholders' shareholdings of the Company. It is not expected to have material effect on the net assets per share, earnings per share and gearing of the Company for the financial year ending in 31 December 2016.

5. Basis of Consideration

The charter price of USD 648,000 under the Charter was arrived after taking into consideration all-in operational cost which includes provision of aircraft for the charter flight, fuel, flight crew, maintenance of aircraft including provision of ground engineers, passenger seats, baggage allowances, hull, bodily injury and property damage liability insurance, ground handling services at all airports and insurance for passenger and baggage (excluding travel insurance).

6. Financial Risks

The financial risks associated with the Agreement are expected to be minimal as the risks are limited to the total consideration as stated in Section 3.2 above.

7. Rationale for the Transaction

To promote the KUL – JED route to Indonesian passengers via CGK – KUL charter with IAA and to generate positive returns for AAX.

8. Directors' and Major Shareholders' Interests

The Related Parties are deemed interested in the Agreement and they have abstained from all management and Board of Directors' deliberations in respect of the Agreement. The Related Parties' direct and indirect shareholdings in the Company as at 4th January 2016 are as set out in the table below:

	Direct		Indirect*	
	No. of Shares	%	No. of Shares	%
Tan Sri Dr Anthony Francis Fernandes	87,303,728	2.105	1,310,331,376	31.588
Datuk Kamarudin bin Meranun	337,702,739	8.141	1,310,331,376	31.588

Note:

* deemed interested by virtue of Section 6A of the Companies Act, 1965 through a shareholding of more than 15% in AirAsia Berhad and Tune Group Sdn Bhd.

Save as disclosed, no other directors and/or major shareholders of the Company and/or person connected with them have any interest, whether directly or indirectly in the Agreement.

9. Audit Committee's Opinion

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

10. Board of Directors

The Directors (other than the Directors who have abstained as stated in Section 8 above) having considered all the relevant factors in respect of the Agreement is of the opinion that entering into the Agreement is in the best interest of the Company.

11. Approval Required

The value of the Transaction would not breach the 5% percentage ratio as prescribed under the Bursa Malaysia's MMLR. As such the Company does not require the approval of its shareholders.

12. Highest Percentage Ratio

The highest percentage ratio applicable to this Transaction is 0.56% and the highest aggregated percentage ratio for all the transactions between the Company and the Related Parties and/or person connected with them pursuant to Paragraph 10.12(1) of the MMLR is 2.66%.

13. Total amount transacted for the preceding twelve months

The total amount transacted between the Company and the Related Parties and/or persons connected with them for the preceding twelve (12) months was USD 2,380,947.54 or RM10,222,598.30 calculated based on Bank Negara Malaysia exchange rate on 31 December 2015.

14. Document available for inspection

The Agreement is available for inspection by members at the registered office of the Company at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia 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 4 January 2016.