

SUBJECT: AIRASIA X BERHAD (“AIRASIA X” OR “THE COMPANY”)  
LEASE TRANSACTION WITH SAUDI ARABIAN AIRLINES

Contents:

## **1. INTRODUCTION**

The Board of Directors of AirAsia X wishes to announce that the Company had on 26 August 2013 entered into an Aircraft Lease Agreement (“Agreement”) with Saudi Arabian Airlines (“SaudiAir”) whereby SaudiAir intends to lease an aircraft from the Company for the carriage of SaudiAir’s passengers on scheduled and non-scheduled international flights (“Transaction”).

## **2. DETAILS OF THE TRANSACTION**

The aircraft which is the subject matter of the Transaction is one (1) Airbus A330-200 aircraft bearing msn 330 (“the Aircraft”). The Company will lease the Aircraft to SaudiAir and will provide crew, maintenance and insurance for the Aircraft to SaudiAir as part of the Transaction.

The Company has obtained the Aircraft pursuant to a Lease Agreement between the Company and ILFC Labuan ECA Limited, dated 2<sup>nd</sup> August 2013.

## **3. THE CONTRACTING PARTY**

The Contracting Party, SaudiAir, is an airline incorporated under the laws and regulations of the Kingdom of Saudi Arabia. Its Head Office is PO Box 620, Jeddah, Saudi Arabia 21231.

## **4. SALIENT TERMS OF THE AGREEMENT**

The lease term shall be from 1<sup>st</sup> September 2013 to 30<sup>th</sup> November 2014.

The contract value for the whole duration of the lease is USD17,980,000 or approximately RM59,145,210 (based on the exchange rate of USD1.00 : RM3.2895).

The Transaction is subject to a qualification audit, physical inspection of the aircraft and acceptance of the aircraft technical specifications by the SaudiAir, amongst others.

The commencement of the aircraft operation under the Transaction is also subject to the prior approval of the General Authority of Civil Aviation of the Kingdom of Saudi Arabia (“GACA”).

As per the Agreement, AirAsia X will bear the costs for the provision of crew, maintenance and insurance for the Aircraft.

## **5. DESCRIPTION OF THE BUSINESS CARRIED ON**

AirAsia X is in the business of providing low cost long-haul carrier services.

SaudiAir is in the business of providing scheduled and non-scheduled carrier services.

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**6. TOTAL CONSIDERATION**

The total consideration for the Agreement is USD17,980,000 or approximately RM59,145,210

- (a) The consideration is agreed on a willing buyer-willing seller basis.
- (b) The justification for the consideration is that it is based on market practice in the aviation industry namely based on prevailing market rates for such lease taking into account the cost of the aircraft, crew, maintenance and insurance (“ACMI”).
- (c) The arrangement for which the consideration will be satisfied is that the payment will be made on a monthly basis.

**7. EFFECT OF THE TRANSACTION ON AIRASIA X**

The Transaction is expected to be earnings accretive taking into account the consideration for the service to be provided to SaudiAir and the cost of the ACMI, and is therefore expected to improve the net assets of the Company.

The Transaction is not expected to have any effect on the gearing, share capital and substantial shareholders’ shareholdings of AirAsia X.

**8. RATIONALE FOR THE TRANSACTION**

The Company already has 2 aircraft on lease to SaudiAir, until November 2014. SaudiAir had requested that the Company to provide additional capacity for SaudiAir’s operations. Hence the Company entering into the Transaction.

**9. BOARD OF DIRECTORS’ APPROVAL**

Having regard to the rationale and the relevant factors, the Board has approved the Transaction and is of the opinion that entering into the Agreement is in the best interest of the Company.

**10. ESTIMATED TIME FRAME FOR COMPLETION**

The lease will commence on the 1<sup>st</sup> September 2013. The acceptance by SaudiAir as well as the inspection by the GACA is expected to be completed by 31<sup>st</sup> August 2013.

The lease term for the Transaction is for fifteen (15) months, from 1<sup>st</sup> September 2013 to 30<sup>th</sup> November 2014.

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LEASE TRANSACTION WITH SAUDI ARABIAN AIRLINES

**11. APPROVAL REQUIRED**

Save as disclosed in Section 4 above, AirAsia X does not require the approval of its shareholders and any Government authorities to enter into the Agreement.

**12. HIGHEST PERCENTAGE RATIO APPLICABLE**

The highest Percentage Ratio applicable pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 10.18%.

**13. INTEREST OF DIRECTORS’ AND/OR MAJOR SHAREHOLDERS’ AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors and/or major shareholders of AirAsia X and/or persons connected with them have any direct or indirect interest in the Transaction.

**14. RISKS**

As the Transaction is in principle a contract for aircraft leasing to SaudiAir, the risks related to the Transaction are typical to any commercial contract and these include breaches or non-performance of payment or other obligations under the contract.

**15. DOCUMENT AVAILABLE FOR INSPECTION**

The Agreement is available for inspection at the registered office of AirAsia X 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 3 months from the date of this announcement.

This announcement is dated 26 August 2013.