

SUBJECT: AIRASIA X BERHAD (“AIRASIA X” OR “THE COMPANY”)  
- JOINT VENTURE AGREEMENT OF THAI AIRASIA X CO., LTD., AN ASSOCIATED COMPANY OF AIRASIA X (“TAAX” or “JV COMPANY”)

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## **1. INTRODUCTION**

The Board of Directors of AirAsia X (“the Board”) wishes to announce that the Company had on 18<sup>th</sup> September 2013 entered into a Joint Venture Agreement (“JVA” or “Transaction”) with Mr. Tassapon Bijleveld (“TB”) and Mr. Julpas Kruesopon (“JK”), the shareholders of TAAX (collectively referred to as “the Parties”) to govern the relationship between the Parties.

## **2. DETAILS OF THE TAAX**

TAAX was incorporated on 12 March 2013 as a shelf company with registered capital of THB15. On 19 June 2013, TAAX increased its issued and paid-up share capital to THB400 million with AirAsia X holding forty nine per centum (49%), TB holding forty one per centum (41%) and JK holding ten per centum (10%).

TAAX submitted its application with the Department of Civil Aviation of Thailand (“Thai DCA”) for Air Operator’s License (“AOL”) on 20 June 2013. It is expected that the approval for the AOL will be granted by the end of September 2013. Following this, TAAX will proceed with its submission for the Air Operator’s Certificate (“AOC”).

Bangkok has a larger tourism and travel market (relative to Kuala Lumpur) with no current long haul low-cost carrier operator based there. Thai AirAsia Co., Ltd (“TAA”) has established a market leadership position and operates robust, profitable and growing short haul networks, that will provide feeder traffic to TAAX thus consolidating AirAsia X’s dominance in the North Asian (China, Japan, Korea) and Australian markets, by offering greater connectivity options to its customers from hubs in Kuala Lumpur and Bangkok. Partners with strong financial backing and industry knowledge and leverage from the wider AirAsia Group and brand, provides lower barriers to entry compared to potential new entrants.

## **3. INFORMATION ON THE PARTIES**

AirAsia X was incorporated in Malaysia as private limited company under the Companies Act, 1965 under the name of Eden Hub Sdn. Bhd. Its name was subsequently changed to Fly Asian Xpress Sdn. Bhd. on 1 June 2006 and AirAsia X Sdn. Bhd. on 21 September 2007. The Company is principally engaged in the business of providing low-cost, long-haul air transportation services.

TB is a citizen of Thailand and also the Chief Executive Officer of TAA since 2003. He also serves as a director of Asia Aviation Co., Ltd which is a major shareholder of TAA. His role in this joint venture for TAAX is in his individual capacity and is not a related party to AirAsia X, its directors and/or shareholders.

JK is a citizen of Thailand, an Entrepreneur and is the President of Panda Security (US & Asia Pacific) since 2009. JK was formerly the Chief Executive Officer of Y\*Not Communication Co., Ltd. JK’s role in this joint venture for TAAX is in his individual capacity and is not a related party to AirAsia X, its directors and/or shareholders.

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#### 4. RATIONALE FOR ENTERING INTO THE JVA

The JVA is for the purpose of setting out the terms governing the Parties’ relationship in TAAX and to regulate the businesses and affairs of TAAX.

#### 5. SALIENT TERMS OF THE JVA

##### 5.1 CAPITAL AND INVESTMENT OUTLAY

TAAX shall have a paid-up capital of THB1,125,345,633.10 divided into 112,534,563.31 ordinary shares (“Shares”), at the par value of THB10 per share of which AirAsia X has subscribed for forty nine per centum (49%) share, being its capital and investment outlay in TAAX up to year 2015, equivalent to a total capital contribution of up to USD17.15 million, from its internal generated funds.

TB’s and JK’s capital and investment outlay in TAAX up to year 2015 shall be equivalent to USD14.35 million (41%) and USD3.5 million (10%) respectively.

##### 5.2 BOARD COMPOSITION

The TAAX Board shall consist of 7(Seven) Directors including:

- (a) at least 3(three) directors nominated by AirAsia X; and
- (b) the Chairman of TAAX Board appointed by the other shareholders.

##### 5.3 TERMINATION

###### 5.3.1 AUTOMATIC TERMINATION

Subject to Clause 5.3.2, the JVA terminates automatically:

- (a) if all Parties agree in writing;
- (b) for a Party, when it stops holding, directly or indirectly, any Shares, at which time the Party has no further rights or obligations under the JVA; and
- (c) when TAAX is wound up or dissolved by an order of a Court.

###### 5.3.2 TERMINATION BY NOTICE

- (a) If a Termination Event herein after defined occurs in respect of any Party (the “Terminated Party”), either of the other Parties (the “Terminating Party”) may (but is not obliged to) by written notice forthwith terminate its obligations under the JVA.
- (b) Any notice delivered under this Clause must:
  - (i) be addressed and delivered to the Terminated Party and at the same time copied to all other Parties;
  - (ii) state that the JVA is terminated; and
  - (iii) give brief reasons as to the events giving rise to the Termination Event relied upon.

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(c) No Party can rely on a Termination Event which relates to itself.

(d) It is a Termination Event if:

a) *Breach of JVA*

any Party fails to perform or observe any material undertaking, obligation or agreement expressed or implied in the JVA and does not remedy the failure (if capable of remedy) within reasonable time after receipt by it of a written notice from any other Party specifying the failure;

b) *Misrepresentation*

any warranty, undertaking or representation in or given under the JVA is or becomes false, misleading or incorrect when made or deemed to be made under the JVA;

c) *Receiver*

a receiver and manager or similar official is appointed over any of the assets or undertaking of any Party;

d) *Insolvency*

any Party is or becomes unable to pay its debts when they are due or becomes unable to pay its debts under any legislation regarding insolvency of the jurisdiction in which it carries on business;

e) *Arrangements*

any Party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;

f) *Winding up/bankruptcy*

an order is made for the winding up or dissolution of any Party or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of any Party otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the others (where applicable) or based on the directive by any relevant regulatory authorities;

g) *Cessation of business*

any Party ceases or threatens to cease carrying on a substantial portion of their business otherwise than for the purpose of an amalgamation or reconstruction which has

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the prior written consent of the others or based on such directive by any relevant regulatory authorities;

*h) Termination Event in connection with TAAX*

- i) a receiver and manager or similar official is appointed over any of the assets or undertaking of TAAX;
  - ii) TAAX is or becomes unable to pay its debts when they are due;
  - iii) TAAX enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
  - iv) a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of TAAX otherwise than for the purpose of an amalgamation or reconstruction or based on the directive by any relevant regulatory authorities; or
  - v) TAAX ceases or threatens to cease carrying on a substantial portion of its business otherwise than for the purpose of an amalgamation or reconstruction or based on the directive by any relevant regulatory authorities.
- (e) Upon termination of the JVA the obligations under the JVA of the Terminated Party ceases.

## **6. EFFECTS OF THE JVA**

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

## **7. 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 JVA is in the best interest of the Company.

## **8. ESTIMATED TIME FRAME FOR COMPLETION**

Capital contribution into TAAX will be made in tranches over the span of 3 years from year 2013 to year 2015.

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**9. APPROVAL REQUIRED**

The JVA does not require the approval of AirAsia X’s shareholders nor any Government authorities.

**10. 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 9.03%.

**11. 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.

**12. RISKS**

The risks related to the Transaction in connection with the JVA are typical to any commercial contract and these include breaches or non-performance of JVA or other obligations under the JVA.

**13. DOCUMENT AVAILABLE FOR INSPECTION**

The JVA 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 18<sup>th</sup> September 2013