

## **Bursa Announcement**

**Subject : Charter Agreement between AirAsia Berhad and AirAsia X Berhad**

### **Contents:**

#### **1. Introduction**

AirAsia Berhad (“AirAsia” or “Company”) is pleased to announce that it has today entered into a charter agreement (the “Agreement”) with AirAsia X Berhad (“AAX”) to operate flights to transport Malaysian MALCON/UNIFIL personnel, baggage and cargo to Beirut and vice versa (the “Services”), pursuant to a contract entered into between the Company and the Ministry of Defence (“MINDEF”) for the provision of the Services up to 2014. The salient terms of the Agreement are set out in Section 3 below.

#### **2. Details of AAX**

AAX was incorporated on 19th May 2006 and is principally engaged in the provision of long haul air transportation services.

AirAsia is holding 326,130,573 ordinary shares of RM0.15 each which is equivalent to 18.35% of AAX’s issued and paid up capital.

Both Tan Sri Dr. Anthony Francis Fernandes and Dato’ Kamarudin Bin Meranun, the Directors and major shareholders of the Company are also Directors of AAX. The current major shareholders of AAX are Aero Ventures Sdn Bhd (“Aero Ventures”), AirAsia, Orix Airline Holdings Limited and Manara Malaysia I Limited.

Aero Ventures is a company in which Tan Sri Dr. Anthony Francis Fernandes and Dato’ Kamarudin Bin Meranun (“Related Parties”) are substantial shareholders. Each of the Related Parties has direct and indirect interest of 31% and 53.5% respectively in Aero Ventures.

By virtue of the Related Parties’ shareholding in Aero Ventures, the entering into the Agreement is deemed to be a related party transaction.

### **3. Salient terms of the Agreement**

- 3.1 Under the Agreement, the Company enters into a wet-lease with AAX for AAX to operate eight (8) return charter flights from Pengkalan Udara TUDM in Subang to Beirut and vice versa.
- 3.2 The Agreement shall be for the duration of two (2) years.
- 3.3 The consideration amount in relation to this transaction for the duration of the Agreement shall be RM 17,653,986, to be paid by the Company upon receipt of invoice from AAX on a per return flight basis, and upon receipt by the Company of payment from MINDEF for the respective flights.
- 3.4 The consideration amount was the lowest quotation received in comparison with proposals obtained from three (3) other third party charterers.
- 3.5 The Agreement is in accordance with conventional charter standards which the Company has previously entered into with third parties.

### **4. Rationale for entering into the Agreement**

As the Company does not operate long haul aircraft that are able to fly non-stop to Beirut, the Company had sought to charter flights from a third party airline for the provision of the Services. The provision of the Services shall generate additional revenue for the Company.

### **5. Financial Risks**

The financial risks associated with the Agreement are expected to be very limited as the Company will not have to make any capital expenditure in relation to the provision of the Services.

### **6. Directors' and major shareholders' interests**

The Related Parties are deemed interested in the Agreement and they have abstained from all Board and management deliberations in respect of the Agreement.

The Interested Parties' direct and indirect shareholdings in AirAsia as at 27 May 2013 are as set out in the table below:-

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dr Anthony Francis Fernandes	3,227,010	0.12	640,608,382*	23.04
Dato' Kamarudin bin Meranun	2,292,900	0.08	640,608,382*	23.04

*Note:*

*\* deemed interested by virtue of Section 6A of the Companies Act, 1965 through a shareholding of more than 15% in Tune Air Sdn Bhd*

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

## **7. 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 Agreement entered is fair, reasonable and on normal commercial terms which are not detrimental to the interest of the minority shareholders, due to the reasons stated in the rationale and considering the limited level of risk exposure mentioned above.

## **8. Statement by Board of Directors**

Save for the Related Parties (who have abstained), the Board 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.

## **9. Financial effect of the Agreement**

This Agreement will not have any material financial impact in the current financial year nor will it have any effect on the share capital and substantial shareholders' shareholdings of AirAsia. It is also not expected to have a material effect on the net assets per share, earnings per share and gearing of AirAsia for this financial year ending 31<sup>st</sup> December 2013.

**10. Approval required**

AirAsia does not require the approval of its shareholders and any relevant government authorities to enter into the Agreement.

**11. Highest percentage ratio**

The highest percentage ratio applicable to this transaction is 0.3% and the highest aggregated percentage ratio for all the transactions between the Company and the Related Parties and/or persons connected with them pursuant to Paragraph 10.12(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.45%.

**12. 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 RM 8,827,000.

**13. Document available for inspection**

The Agreement is available for inspection 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 3 months from the date of this announcement.

**This announcement is dated 27 May 2013.**