

## **Bursa Announcement**

**Subject: Standard Ground Handling Agreement (“SGHA”) by Ground Team Red Sdn Bhd (“GTR”) with AirAsia X Berhad (“AAX”)**

### **Contents:**

#### **1. Introduction**

Pursuant to Paragraph 10.08(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, the Board of Directors (“the Board”) of AirAsia Berhad (“AAB” or “the Company”) wishes to announce that GTR, a wholly-owned subsidiary of AAB has on 1 November 2017 entered into a SGHA with AAX for the provision of ground handling services from GTR to AAX.

#### **2. Details of GTR**

2.1 GTR was incorporated under the Companies Act, 1965 on 26 December 2007.

2.2 GTR was formed with the purpose of providing efficient in house ground handling services with lower and reasonable rates and to generate income and tap external business potentials from the handling of 3<sup>rd</sup> party airlines in Malaysia.

2.3 GTR is deemed to be a related party to AAX 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 AAX.

(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 SGHA will be in force for an initial period of one (1) year and will be renewable for an additional period of one (1) year upon the written agreement of GTR and AAX. Future renewals shall be subjected to mutual agreement between the parties.

3.2 AAX and GTR each have the option to unilaterally terminate the SGHA by serving to the other party sixty (60) days’ written notice.

3.3 AAX shall have the right, at any time and from time to time, with or without notice, to inspect, review and/or conduct an audit on GTR’s operation and the services provided by GTR to AAX under the SGHA and GTR shall allow AAX the access to and make available a copy of all books, records, correspondence, procedures and instructions relating to the services provided. The right to audit mentioned herein includes an audit by AAX on GTR’s compliance with AAX’s and other regulatory safety requirements.

3.4 Settlement of account shall be effected by AAX within thirty (30) days from the date of AAX’s receipt of the invoice issued by GTR on a monthly basis.

3.5 The SGHA shall be governed by and construed in accordance with the laws of Malaysia and parties irrevocably submit to the non-exclusive jurisdiction of the Malaysian courts.

#### **4.0 Financial Impact of the Agreement**

The SGHA 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 2017.

#### **5.0 Basis of Consideration**

The contract price of RM31,772,895.00 is an estimated value derived based on the estimated number of flight turnarounds in accordance with the arrangement as set out in the SGHA.

## 6.0 Financial Risk

The financial risk associated with the SGHA is expected to be minimal as the risk is limited to the handling charges to be charged by GTR.

## 7.0 Rationale for the Transaction

GTR was formed to simplify the ground handling activities of the existing AirAsia Group's business and capitalise its "independent" nature to handle all affiliates. In the long term, the economies of scale, optimisation of resources and standardisation of processes are intended to benefit the AirAsia Group through better productivity and higher quality of services.

## 8.0 Directors' and Major Shareholders' Interests

The Related Parties are deemed interested in the SGHA and they have abstained from all management and Board of Directors' deliberations in respect of the SGHA. The Related Parties' direct and indirect shareholdings in the Company as at 1 November 2017 are as set out in the table below:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dr. Anthony Francis Fernandes	1,600,000	0.05	1,075,485,082*	32.18
Datuk Kamarudin Bin Meranun	2,000,000	0.06	1,075,485,082*	32.18

Note:

\* deemed interested by virtue of Section 8 of the Companies Act, 2016 through a shareholding of more than 20% in Tune Air Sdn. Bhd. and Tune Live 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 SGHA.

## 9.0 Board of Directors

The Directors (other than the Directors who have abstained as stated in Section 8.0 above) having considered all the relevant factors in respect of the SGHA is of the opinion that entering into the SGHA is in the best interest of the Company.

## 10.0 Approval Required

The value of the above transactions would not breach the 5% percentage ratio as prescribed under the MMLR. As such the Company does not require the approval of its shareholders.

## 11.0 Highest Percentage Ratio

The highest percentage ratio applicable to this transaction is 0.48% 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 0.68%.

The total amount transacted between the Company and the Related Parties and/or persons connected with them pursuant to Paragraph 10.12(1) of the MMLR in the last twelve (12) months is RM42.8 million.

## 12.0 Documents available for inspection

The SGHA 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 3 months from the date of this announcement.

**This announcement is dated 1 November 2017**