

Bursa Announcement

Subject: Proposed joint venture in Thailand by Teleport Everywhere Pte. Ltd., an indirect wholly-owned subsidiary of AirAsia Group Berhad (“the Company”) to provide logistics services to Thai AirAsia Co., Ltd. and Thai AirAsia X Co., Ltd.

1. INTRODUCTION

Pursuant to Paragraph 9.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of the Company wishes to announce that its indirect wholly-owned subsidiary, Teleport Everywhere Pte. Ltd. (“Teleport”), and its associate company, Thai AirAsia Co., Ltd. (“TAA”) and Thai AirAsia X Co., Ltd. (“TAX”), which is an associate company of AirAsia X Berhad, have on 25 July 2019, jointly signed a Memorandum of Understanding (“MOU”) with Triple i Logistics Public Company Limited (“Triple i”).

2. BACKGROUND OF PARTIES TO THE MOU

Teleport is an indirect wholly-owned subsidiary of the Company. Its group of companies provide cargo and logistics services to merchants and companies to move goods, and e-commerce anywhere in Southeast Asia and beyond.

Triple i is a total logistics integrator with 27 years of experience in the international forwarding and logistics industry. Triple i also provides services as a carrier, logistics operator, freight forwarder for international and domestic air freight, sea freight, inland transport as well as providing services in logistics and supply chain management for general cargo, hazardous chemicals and dangerous goods.

TAA is a limited company incorporated in Thailand. It is a joint venture between Asia Aviation Public Company Limited and AirAsia Investment Ltd., a wholly-owned subsidiary of the Company. TAA is principally engaged in providing low-fare airline business.

TAX is a limited company incorporated in Thailand. It is an associate company of AirAsia X Berhad (“AAX”) in which AAX took a 49% share. TAX is principally engaged in long-haul low-fare airline business.

3. SALIENT TERMS OF THE MOU

- 3.1 The MOU creates no legally binding contractual relationship between the parties and is intended for –
- (a) Teleport and Triple i to confirm their interest in establishing a joint venture in Thailand to conduct business as a General Cargo Sales Agent (“JV Co”); and

- (b) TAA and TAX to sign a Master General Cargo Sales Agent Agreement (“Master GSA”) with the JV Co respectively by 1 January 2020.

3.2 The MOU is valid until –

- (a) the date which Teleport and Triple i execute the definite agreement for the establishment of the JV Co and TAA and TAX execute the Master GSA with the JV Co; or
 - (b) 31 December 2019,
- whichever is earlier.

3.3 The MOU is governed by the laws of Singapore and any dispute arising from the MOU will be referred to the Singapore International Arbitration Centre.

4. RATIONALE OF THE MOU

The MOU aligns with Teleport’s mission to move goods and e-commerce seamlessly throughout Southeast Asia, taking full advantage of AirAsia Group’s network of more than 100 cities and 10,000 weekly flights across Asia Pacific. In particular, it allows Teleport to integrate the rights to the cargo capacity in Thailand for TAA and TAX with the wider AirAsia Group’s network. With such integration, Teleport can provide network cargo capacity to the JV Co that acts as a General Cargo Sales Agent. The JV Co will also expand to provide other logistics solutions and services.

5. RISK FACTORS

The execution of the MOU is not expected to expose the Company to any new business risk as the MOU does not create any binding contractual obligations and in the event Teleport enters into definitive agreements for the implementation of the JV, the Company and Teleport will exercise due care in considering the risks and benefits associated with the JV and will take appropriate measures in planning the successful implementation of the JV.

6. APPROVALS REQUIRED

The MOU does not require the approval of the Company’s shareholders or relevant government authorities.

7. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun are Directors and major shareholders of the Company and AAX. They have indirect interests in TAX via their interests in AAX. Based on the foregoing, Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun are deemed interested in the MOU. Tan Sri Anthony Francis

Fernandes and Datuk Kamarudin bin Meranun have abstained and will continue to abstain from all deliberations and voting on the resolution in respect of the MOU and all future transactions arising from the MOU.

The interested directors' and interested major shareholders' direct and indirect shareholdings in the Company as at 25 July 2019 are as set out in the table below.

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri 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 Live Sdn. Bhd. and Tune Air Sdn. Bhd.*

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

8. DOCUMENT FOR INSPECTION

A copy of the MOU will be available for inspection by the shareholders at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No.8, Jalan Kerinchi 59200 Kuala Lumpur from 10 August 2019 for a period of three (3) months.

The Company will make the necessary announcement on further development of the MOU in due course.

This announcement is made on 25 July 2019.