

## **Bursa Announcement**

**Subject: Sale of Airbus DPE Kits to Asian Aviation Centre of Excellence Sdn. Bhd. (“AACE”)**

### **Contents:**

#### **1. Introduction**

Pursuant to Paragraph 10.08(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“the Board”) of AirAsia X Berhad (“AirAsia X” or “the Company”) wishes to announce that the Company and AACE has on 30 December 2015 entered into the Sale Agreement (“Agreement”) for the sale, assignment and transfer of the Airbus DPE Kits (“the Transaction”).

#### **2. Details of AACE**

AACE is a company incorporated under the laws of Malaysia and is in the business of Operating an Aviation Academy for the Provision of Pilot Training, Maintenance Training, Cabin Crew Training, Training for Management Services and Guest Services and is jointly owned by CAE International Holdings Limited (“CAE”) (Company No. 236730-1) and AirAsia Berhad (Company No. 284669-W). AACE is deemed to be a related party to AirAsia X by virtue of the fact that AirAsia Berhad’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 AirAsia X.

(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 sale of DPE Kits shall include the title to and all interest in the aircraft parts. The DPE Kits will be royalty free and will include non-exclusive license for usage free from all encumbrances, for the manufacture, installation, qualification, development, operation, maintenance, upgrade and update which shall include the provision of training services to all AACE’s customers.
- 3.2 The purchase price for the DPE Kits and aircraft manufacturer’s license pursuant to the EULA under the Agreement shall be USD 2,380,947.54 exclusive of taxes and AACE shall bear such taxes and duties as applicable.
- 3.3 AAX and AACE agrees the full purchase price will be set off against the invoiced fees owed by AAX to AACE. The parties further agrees that the payment of purchase price by way of the foregoing contractual set off constitute a valid and sufficient consideration for the DPE Kits.
- 3.4 The title and interest in the DPE Kits shall be passed to AACE upon signing of the Agreement. AAX agrees to cooperate with AACE and sign any document requested by AACE that may be reasonably necessary to register AACE’s interest. The risk of loss of or damage to the aircraft parts shall be passed to AACE at the time the aircraft parts are delivered as per delivery at place (per Incoterms 2010) at CAE’s plant.
- 3.5 AAX and AACE may terminate the Agreement due to a breach by either party of a material obligation which remain uncured for one hundred twenty (120) days by way of written notice.
- 3.6 The Agreement is governed by the English law and the parties will be subjected to the Singapore International Arbitration Centre (SIAC) for dispute resolution.

#### **4. Financial Effect of the Agreement**

The Agreement 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 2015.

#### **5. Basis of Consideration**

The purchase price of USD 2,380,947.54 for the DPE Kits was arrived pursuant to the market value comprising of the data package, simulation software package and kit of genuine aircraft parts to be installed in the aircraft simulation training device.

## 6. Financial Risks

The financial risks associated with the Agreement are expected to be minimal as the risks are limited to the total consideration as stated in Section 3.2 above.

## 7. Rationale for the Transaction

To set out the terms and conditions including the contributions, responsibilities and liabilities of the parties as well as the mutual undertakings and co-operation between them for their mutual benefit.

## 8. Directors' and Major Shareholders' Interests

The Related Parties are deemed interested in the Agreement and they have abstained from all management and Board of Directors' deliberations in respect of the Agreement. The Related Parties' direct and indirect shareholdings in the Company as at 30 December 2015 are as set out in the table below:

	Direct		Indirect*	
	No. of Shares	%	No. of Shares	%
Tan Sri Dr. Anthony Francis Fernandes	87,303,728	2.105	1,310,331,376	31.588
Datuk Kamarudin bin Meranun	337,702,739	8.141	1,310,331,376	31.588

*Note:*

\* deemed interested by virtue of Section 6A of the Companies Act, 1965 through a shareholding of more than 15% in AirAsia Berhad and Tune Group 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 Agreement.

## 9. 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 Transaction is entered under fair, reasonable and on normal commercial terms which are not detrimental to the interest of the minority shareholders.

## 10. Board of Directors

The Directors (other than the Directors who have abstained as stated in Section 8 above) 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.

## 11. Approval Required

The value of the Transaction would not breach the 5% percentage ratio as prescribed under the Bursa Malaysia's MMLR. As such the Company does not require the approval of its shareholders.

## 12. Highest Percentage Ratio

The highest percentage ratio applicable to this Transaction is 2.1% in accordance with the MMLR of Bursa Malaysia.

## 13. Document available for inspection

The Agreement 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 30 December 2015.**