

Bursa Announcement

Subject: Food Catering Services from Yummy Kitchen Sdn Bhd (“Yummy Kitchen”)

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 X Berhad (“AAX” or “the Company”) wishes to announce that the Company and Yummy Kitchen has on 4 November 2016 entered into Food Catering Agreement (“Agreement”) to procure food catering services for the AirAsia Lounge (“the Transaction”) located in Kuala Lumpur International Airport 2 (“klia2”).

2. Details of Yummy Kitchen

2.1 Tune Hotels.com Limited (“THCL”) was incorporated under the Offshore Companies Act, 1990 on 9 December 2005 and is holding company of Tune Hotels Group (“Tune Hotels”), one of the fastest growing international value hotel brands that provides accommodation with high quality essentials in key gateway cities globally. Since the opening of its first hotel in Downtown Kuala Lumpur (Malaysia) in 2007, Tune Hotels has welcomed 7 million guests and now has more than 100 hotels in operation and under development globally. Tune Hotels is part of the Tune Group of Companies and is a growing chain of hotels that have embraced the limited service model and employs a self-service, demand-based online price booking system encouraging guests to make advance bookings to enjoy great value prices.

2.2 Yummy Kitchen is 100% owned by TP Real Estate Holding Pte. Ltd., a company incorporated in Singapore as an investment holding company owning stakes in hospitality assets in Malaysia, United Kingdom and Australia which in turn is jointly owned by THCL and Plato Capital Limited (“Plato”), a Singapore entity. Yummy Kitchen is at all times engaged in the business of food and beverage supply as a restaurateur at Tune Hotels, klia2.

2.3 Yummy Kitchen is deemed to be a related party to AAX by virtue of the fact that:

- (a) THCL’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;
- (b) Plato’s substantial shareholders (i.e. Datuk Kamarudin Bin Meranun and Tan Sri (Dr.) Anthony Francis Fernandes) are also the directors and major shareholders in AAX; and
- (c) Mr. Lim Kian Onn is a Director and major shareholder in both THCL and Plato and a Director and shareholder of AAX.

(Tan Sri (Dr.) Anthony Francis Fernandes, Datuk Kamarudin Bin Meranun and Mr Lim Kian Onn are collectively referred to as “Related Parties”).

3. Salient Terms of the Agreement

3.1 The Agreement will be in full force for a period of three (3) years and the parties may mutually extend the period of the Agreement prior to its expiry.

3.2 Yummy Kitchen shall provide high standard and quality food and beverages to AAX. The provision of services by Yummy Kitchen will be governed by the service levels under the Agreement.

3.3 The contract price for the services are excluding applicable taxes, each AAX and Yummy Kitchen shall bear their own taxes in respect of the services under the Agreement.

3.4 AAX shall have the right to carry out audit and/or inspections of Yummy’s Kitchen and/or facilities in order to ensure Yummy Kitchen’s compliance to the health, safety and security policies/requirements.

3.5 The Agreement may be terminated due to a breach by either party. Notwithstanding the aforesaid, AAX and Yummy Kitchen may terminate the Agreement for convenience by providing a notice in writing to the other party, provided that such notice shall not be less than sixty (60) days.

3.6 The Agreement is governed by and construed in accordance with the laws of Malaysia and the parties agree to submit to the exclusive jurisdiction of Malaysia courts.

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 2016.

5. Basis of Consideration

The contract price of RM2,511,000 is an estimated value derived based on the market rate for food catering services.

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 5 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 4 November 2016 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
Mr. Lim Kian Onn	Nil	Nil	197,833,356	4.769

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 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 0.40% 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 2.64%.

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 RM13,362,397.

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 4 November 2016.