

EAST WEST AIRLINES
(A DIVISION OF EAST WEST TRAVEL & TRADE LINKS LTD.)

**FORMATION
OF A
MALDIVIAN NATIONAL AIR CARRIER**

**UNDER THE AUSPICES OF
THE GOVERNMENT OF MALDIVES**

**Proposal
for a
Joint - Venture Partnership
by
EAST WEST AIRLINES
(A Division Of East West Travel and Trade Links Ltd.)**

A DRAFT AGREEMENT

Prepared By
The Commercial Planning Department
Corporate Management
East West Airlines
Bandra, Bombay - 400 050
India.

Total Number Of Pages In The Agreement :- 20

THE SINGLE EXECUTED ORIGINAL OF THIS AGREEMENT MARKED "ORIGINAL" SHALL BE THE "ORIGINAL" AND ALL OTHER COUNTERPARTS OF THIS AGREEMENT SHALL BE DUPLICATES AND MARKED "DUPLICATE" OR "DUPLICATE - ORIGINAL" TO THE EXTENT THAT THIS LEASE CONSTITUTES CHATELL PAPER, AS SUCH TERM IS DEFINED IN THE JURISDICTION, NO SECURITY INTEREST MAY BE CREATED THROUGH TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE "ORIGINAL"

" EXCLUSIVE AGREEMENT FOR A JOINT VENTURE PARTNERSHIP"

THIS EXCLUSIVE AGREEMENT FOR A JOINT VENTURE PARTNERSHIP EXECUTED BETWEEN AS OF THE [REDACTED] DAY OF [REDACTED] IN THE YEAR NINETEEN HUNDRED AND NINETY THREE.

1. THE GOVERNMENT OF THE REPUBLIC OF MALDIVES REPRESENTED BY HIS EXCELLENCY THE PRESIDENT OF THE GOVERNMENT OF MALDIVES OR ANY OFFICIAL DULY EMPOWERED AND AUTHORISED BY HIS EXCELLENCY AND ACTING SOLELY FOR AND BEHALF OF THE GOVERNMENT OF THE REPUBLIC OF MALDIVES - HEREIN REFERRED TO AS

**"THE PROMOTER OF THE FIRST PART " OR "FIRST PARTY"
AND**

2. EAST WEST AIRLINES, IN ITS CAPACITY AS A DIVISION OF EAST WEST TRAVEL AND TRADE LINKS LTD., A COMPANY DULY INCORPORATED IN INDIA UNDER EXISITNG INDIAN LAWS WITH THE REGISTRAR OF COMPANIES - GOVERNMENT OF THE STATE OF MAHARASHTR BOMBAY, INDIA AS A PRIVATE LIMITED COMPANY ON 1 APRIL 1982 AND SUBSEQUENTLY UPGRADED AS A PUBLIC LIMITED COMPANY ON THE 15 OF JANUARY 1992, HAVING ITS REGISTERED OFFICE AT 2-4/B, SILVER APARTMENTS, SHANKAR GHANEKAR ROAD, DADAR (W), BOMBAY - 400 028, INDIA - HEREIN REFERRED TO AS

**" THE PROMOTER OF THE SECOND PART" OR "SECOND PARTY"
COVERING THE FORMATION OF
A MALDIVIAN NATIONAL AIR CARRIER
UNDER A JOINT VENTURE PARTNERSHIP**

[REDACTED]

[REDACTED]

1. INTERPRETATION

The following terms shall have the following respective meanings for all purposes of this agreement:-

1.1. AIRCRAFT :- Shall mean the aircraft identified and described in the proposal for the joint venture including any engine, part and / or loose equipment or devices

1.2. AIRCRAFT DOCUMENTS:- Shall mean the documents, data and records of the aircraft identified as in 1.1. above.

1.3. AIRCRAFT MAINTENANCE :- Shall mean the maintenance programme developed by the second part as approved by concerned authorities.

1.4. BUSINESS DAY :- Shall mean a day other than Friday in the Republic of Maldives and a day other than Saturday, Sunday in India provided such day is not identified as a Public Holiday either in the Republic of Maldives or India.

1.5. DATE OF COMMENCEMENT :- Shall mean the date on which the execution of the arrangements for the proposed joint venture begins to take place by the second part.

1.6. D.G.C.A. :- Shall mean the Directorate General of Civil Aviation , Government of India.

1.7. DOLLARS AND US\$:- Shall mean the lawful currency of the United States of America and in relation to payments in dollars or transactions in dollars to made by both the first part and the second part under this agreement.

1.8. EVENT OF DEFAULT :- Shall mean any of the events specified in Schedule 1.

1.9. EXPIRATION DATE :- Shall mean the day the validity period of this agreement expires or beomes due for renewal by mutual consent.

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1.10. FORCE MAJEURE :- Shall mean delay or non-performance due to or arising out of acts of God or public enemy, civil war, insurrection or riot, fire, accident, natural calamities, epidemic, any act of Government, Governmental priority, allocation, regulation or order affecting directly or indirectly the aircraft, the party of the second part or any materials or facilities, strike or industrial dispute causing cessation, slow down or interruption of work, inability after due and timely diligence to procure equipment, data or materials from vendors in a timely manner or any other cost to the extent that such cause is beyond the control of both the parts whether above mentioned or not and or not similar to the foregoing.

1.11. GOVERNMENT ENTITY :- Shall mean and include

a) any national government, political sub-division thereof, or local jurisdiction therein;

b) any instrumentality, court, or institution of which any thereof is a member or to whose jurisdiction any thereof is subject or in whose activities any thereof is a participant in each of the foregoing cases having jurisdiction.

1.12. INDEMNITIES :- Shall mean the second party, its owners and their respective directors, officers, servants, agents and their employees.

1.1.3. LAW :- Shall mean include

a) any statute, decree, constitution, regulation, order or any directive constitution, regulation, order or any directive of any Governmental Entity;

b) any treaty, pact, compact or other agreement to which any Government Entity is a signatory or party;

c) any judicial or administrative interpretation or application of any thereof; and

d) any amendment or revision if any thereof.

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1.1.4. TAXES :- Shall mean any and all present and future taxes including without limitation sales, use, personal property, customs, advalorem, value-added, turnover, stamp, interest, equilization, income, gross receipts, or other taxes, fees, withholdings, imports, duties, deductions, levies, or other charges of any nature, together with any penalties, fines, duties levied, or assessed by, or otherwise payable to, any Government Entity but shall exclude Taxes imposed on the overall income or profits of the second party by the taxation authorities in India or the Republic of Maldives.

2. SPECIAL NOTES

2.1. Words importing the plural within this agreement shall include the singular and vice-versa.

2.2. Marginal notes and headings in this agreement are for ease of reference only and shall not be used in its construction.

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3. FORMATION AND COMPOSITION OF THE JOINT VENTURE.

THE COMPANY.

3.1. Both the parties hereby agree to form a Limited Company duly incorporated in the Republic of Maldives for the purposes of operating an international airline as the National Carrier of the Republic of Maldives.

3.2. The name of the Company to be such formed shall be "AIR MALDIVES INTERNATIONAL" or any such name as may be mutually agreed upon by both the parties.

3.3. The Registered Head Office of the new Company will be within the the territory of the Republic of Maldives.

3.4. Both the first and second parties do hereby agree that the capital structure of the proposed Company will be as follows.

a) Authorised Capital - U.S. \$ 10 Million.

b) Paid up Capital - U.S. \$ 4 Million.

3.5. On the capital structure both the parties hereby agree on the following sharing pattern

a) First party - 51 %

b) Second party - 49 %

3.6. While forming the Company and its Memorandum and Articles of Association, both the parties hereby agree to incorporate the details as described in 3.1. to 3.5. above.

3.7. The Authorised Capital and Paid up Capital of the proposed Company shall be on the ratio as given in 3.5. above.

3.8. Upon incorporation of the proposed Company the Paid up Capital of both the parties shall be brought into the books of accounts of the proposed Company within 30 (Thirty) days from the date of incorporation of the proposed Company.



3 - A. MANAGEMENT STRUCTURE OF THE PROPOSED COMPANY

3.A.1. The Memorandum and Articles of Association of the proposed Company shall duly incorporate details of the number of people on the Board of Directors as a total of 9 (Nine) subject to alterations by mutual consent by both the parties from time to time provided such altered number is always kept uneven.

3.A.2. The first party shall be entitled to appoint 5(Five) directors and the second party shall be entitled to appoint 4 (Four) directors on their respective sides.

3.A.3. The Chairman shall be nominated from amongst the Board of Directors appointed by the first party and the Managing-Director shall be nominated from the Directors appointed by the second party.

3.A.4. In order to enhance the market potentials and professional management fo the affairs of the proposed Company, the Managing-Director shall function as the Chief Executive of the proposed Company. As such, such executive powers that may be related to the efficient performance of the proposed Company shall be conferred upon the Managing Director.

3.A.5. In the proposed Company the second party will function as the managers, and as such will beassigned with such powers required for the efficient management of the affairs of the Company including major policy decisions and financial affairs.

3.A.6. Both the parties shall have the powers to re-nominate or substitute the Directors appointed by them provided such alterations are subsequently ratified by a Board Resolution.

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3.A.7. The Memorandum and Articles of Association of the proposed Company will duly incorporate details as mentioned in 3.A.1. to 3.A.6. above as also if at any later stage the provisions of the Memorandum and Articles of Association of the proposed Company is found to be conflicting or structurally deficient then the provisions as agreed hereunder this agreement shall supersede all other provisions that may be contained in the Memorandum and Articles of Association of the proposed Company. Nevertheless, simultaneous and necessary modifications to the Memorandum and Articles of Association of the proposed Company shall be made by a suitable Board Resolution.

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4. WARRANTIES AND REPRESENTATIONS OF THE SECOND PARTY

The second party represents and warrants that :

4.1. It is fully authorised to enter this agreement

a) Prior to signing of the agreement the second party shall provide a legal opinion on the "Constitution", "Propriety rights", and "Compliance" with prevailing laws in India and the validity of this agreement under Indian Regulations.

b) Provided, the first party fulfills its obligations under this agreement the second party shall not interfere with the peaceful and quite use and enjoyment of their rights by the first party during the validity of this agreement.

c) Compliance by the second party with the terms of this agreement shall not contravene any law applicable to the second party.

d) Provided the first party fulfills its obligations under this agreement and / or any supplementary agreement in addition to this agreement the second party shall not hold the first party responsible for any normal or cumulative losses that may arise out of the operations of the proposed Company and the second party as managers of the proposed Company shall hold themselves responsible for any such losses.

4.2. Upon signing of the Memorandum of Understanding (MOU) letter by mutual consent the second party hereby confirm that it shall produce a comprehensive report on the organisational, managerial, financial and operational aspect of the proposed company as also furnish evidence of availability of the required finance to form the proposed company by way of a referral letter from their present bankers within 15 (fifteen) days from the date of signing the Memorandum of Understanding.

4.3. Prior to signing of this agreement, the second party shall submit substantial documentary evidence that the second party is adequately equipped to start the operations of the company within 45 (forty five) days of signing this agreement.

4.4. The second party hereby confirms that it shall not make any objections against the first party granting any licenses, authorisations or approvals of any nature to any other carrier which would enable such carrier to operate air services from, to or via the Republic of Maldives in the best interest of The Republic of Maldives and in considerations of the limitations of the proposed company for a further period of 2 (two) years from the date of signing this agreement provided any such licenses, approvals, and authorisations so granted by the first party does not impeach the genuine business interests of the proposed company and its operations.

4.5. The second party hereby confirms that it will have no objection to the appointment of M/s Air Maldives as General Sales Agent to market the services of the proposed company within the sovereign territory of the Republic of Maldives.

4.6. The second party hereby confirm that in the best interest of the Maldivian Nationals it will explore possibilities of providing scope of employment for Maldivian Nationals as well as generate skilled human resources among Maldivian Nationals in a phased manner.

4.7. The second party hereby confirms that the ground handling services for the proposed company at Male' Airport shall be carried out by the existing arrangements for the same by other International Carriers operating in Male'.

4.8. The second party hereby confirms that it shall furnish a bank guarantee in favour of the first party as follows:

a) Against operations within SAARC countries	US\$ 150,000/-
b) Against operations in Southeast/East Asia	US\$ 250,000/-
c) Against operations in Middle East	US\$ 500,000/-
d) Against opearitions in Europe	US\$ 1000,000/-

Further the second party hereby confirms its ability to secure the provision of above guarantees to the proposed company against the forward sales revenues which the agents / general sales agents appointed by the second party holds from time to time on account of the proposed company.

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5. WARRANTIES AND REPRESENTATIONS OF THE FIRST PARTY

The first party represents and warrants that:

5.1. The signatory of this agreement on their part is fully empowered to endorse his / her signature on behalf of the first party

a) Prior to signing of the agreement the first party shall provide the full details of the applicable Maldivian Laws governing the formation and operations of the proposed company as well as the validity of this agreement under the Maldivian Regulations, as the second party is not purported to be an expert and do not purport to be generally familiar with or qualified to conform to the requirements based on Maldivian Laws and Regulations governing the signing of this agreement.

5.2. Upon termination / completion of the validity period of this agreement, the first party shall have no objection to permit the second party to repatriate funds to the extents of investment made by the second party as well as its share of returns on the investment including its entitlement of shares in the profits from the operations of the proposed company, depreciation benefits, accrued networth of the assets equipments and machineries, intangible assets as well as personnel employed by them.

5.3. The first party shall confirm that this agreement has been properly signed and delivered on behalf of the first party contained therein, assuming them to be binding and valid according to Maldivian Laws as on the date of signing of this agreement, by which they are expressed to be governed, are valid and legally binding on and enforceable against the first party under the Maldivian Laws and the Maldivian Courts.

5.4. The first party hereby confirms that their obligations under this agreement rank at least equally and rateably (pari pasu) in point of priority and security with all other unsecured obligations of the first party.

5.5. The first party hereby confirms that there is no applicable usury or interest limitation law in the Republic of Maldives which may restrict the repatriation of the earnings of the second party in accordance with this agreement.

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5.6. The first party hereby confirms that it shall assist the second party in obtaining such authorisations, permissions, licenses and approvals of any nature that may be necessary from any such government for the operations of the proposed company.

As also forthwith furnish and make available any such authorisations, permissions, licenses and approvals which the first party may be holding presently upon signing of this agreement.

5.7. The first party shall provide all possible concessions and exemptions by way of tax / import duty to the second party on all material and monetary import into the Republic of Maldives in connection with the operations / formation of the proposed company.

5.8. The first party will cause the second party to be appointed as the exclusive manager of the proposed company during the period of validity of this agreement and the terms and conditions as stipulated in the supplementary agreement namely " The Management Agreement" which is an integral part of this agreement and subject to the provisions related to the termination of this agreement.

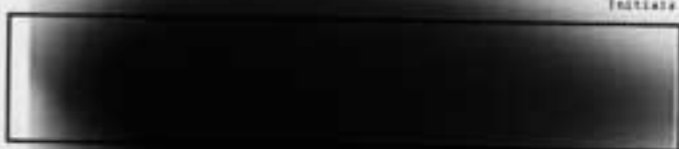
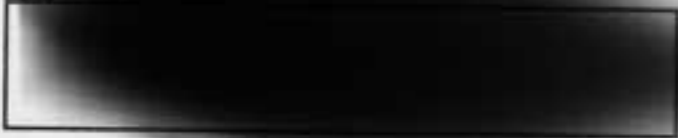
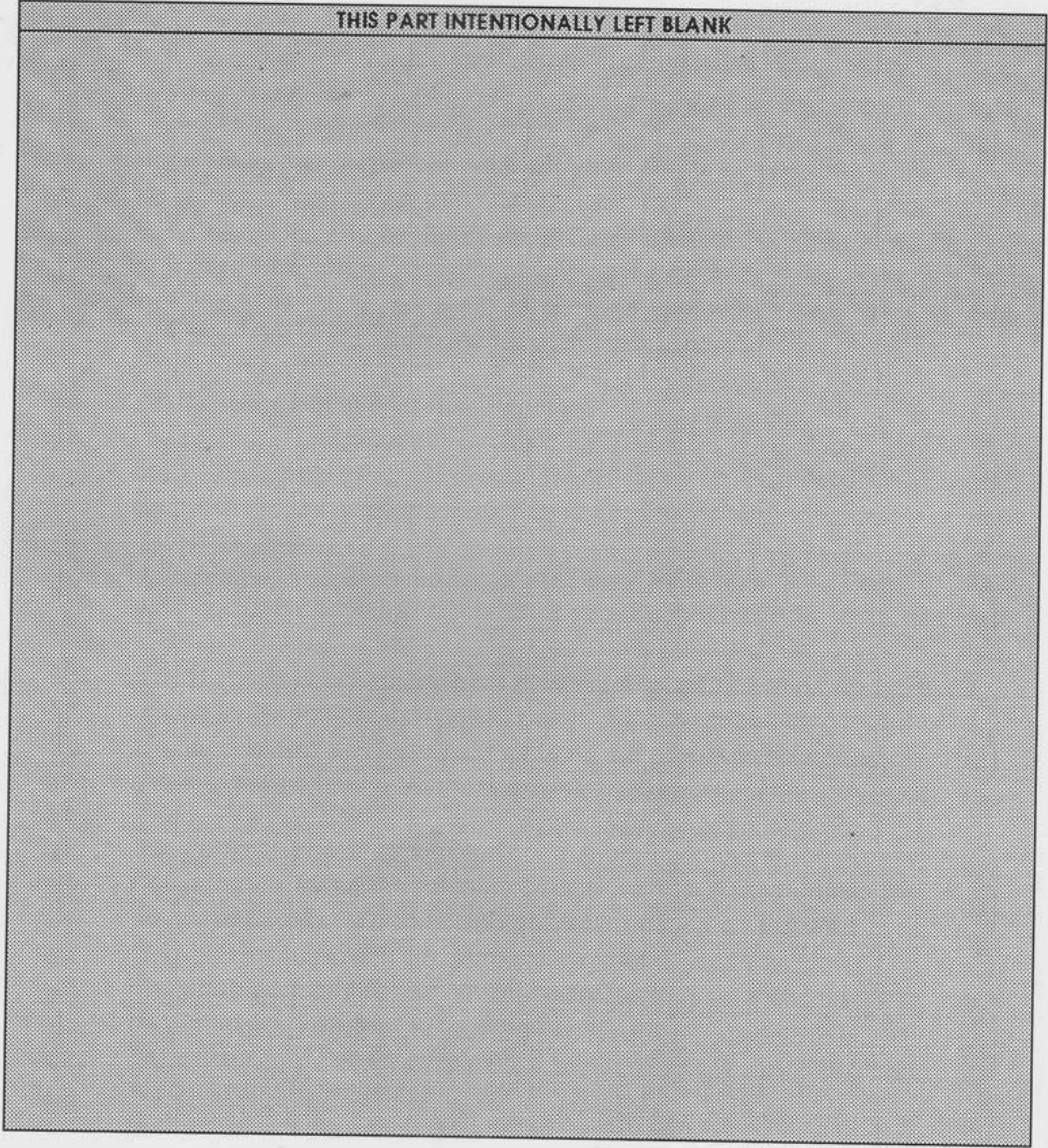
5.9. The first party hereby confirms that the second party is fully empowered to appoint M/s Nat Travels Private Limited, a share-holder in the company owned by the second party as **EXCLUSIVE** General Sales Agents for marketing the services of the proposed company and its operations within the Sovereign territory of the Republic of India.

5.10. The first party hereby confirms that it shall provide full assistance to the second party in granting necessary visae, work permits, and residential permits for all expatriate personnel engaged by them for the proposed company and its operations to be based / deputed to the Republic of Maldives.

5.11. In order to ensure better "Yield Management", the first party hereby confirms that it shall not interfere on the affairs and transactions of the second party related to the appointment of General Sales Agents, Sales Agents, Interline Members, Sales & Distribution Network as well as policies on pricing the services in accordance with territorial requirements.

5.12. Provided the second party fullfils its obligations under this agreement and / or any supplementary agreements in additon to this agreement the first party shall not interfere with the peaceful and quite use and enjoyment of their rights by the second party during the validity of this agreement.

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6. Role and Functions of the Second Party

Whereas the full scope of the role and function of the second party will be as per the mutually agreed terms under the Management-Agreement" the second party shall assume a role and function which includes the following...

- 6.1. Co-ordination and control day-to-day activities including the flight operations.
- 6.2. Monitoring the performance of the proposed Company.
- 6.3. Collection of all revenues arising out of the operations of the proposed Company.
- 6.4. Revenue and finance management.
- 6.5. Discharging of operating liabilities.
- 6.6. Maintaining the bank account in the name of the proposed Company and distribution of all amounts due to the first party.
- 6.7. Complete implementation of the Board Resolution made by the proposed Company,
- 6.8. The complete management of the airline, all functions and aspects of management of the proposed Company, save to the extent that all functions which are reserved totally by the proposed Company to be carried out under relevant Board Resolution.
- 6.9. Performance of all functions of the management of the proposed Company including maintaining bank accounts in the name of the proposed Company and satisfactory operation of all the above through Directors, officers, personell employed by the proposed Company and serving under the second party as per the powers conferred on them and in conformity with the role as managers of the proposed Company as empowered by the power of attorney given to them by the first party .

7. Duration of the Validity Period and Termination of the Joint Venture Partnership Agreement.

7.1. *This Joint Venture Partnership Agreement will be valid for a period of 10 (ten) calendar years from the date of execution of this agreement and during the period this agreement is in force the validity period may be further extended at any time as mutually agreed by both the parties.*

7.2. *The second party shall be duly entitled to terminate this agreement in the event that the first party fails to dispose any / or all of their obligations to the second party as detailed under clause 5 (five) of this agreement.*


7.3. *The first party shall be duly entitled to terminate this agreement in the event that the second party fails to dispose any / or all of their obligations as detailed under clause 4 (four) of this agreement.*

7.4. *Notwithstanding the provisions detailed under clause 7.2 and 7.3 above, both the parties may not exercise their right to terminate for such period as they think fit provided such agreement shall not in any way constitute any waiver of their rights to do so.*

7.5. *Notwithstanding any other provisions to the contrary contained herein, this agreement may be terminated by either party upon notification to the other party in writing in the event of the other party being found insolvent or the other party is not in a position to pay its debts as they fall due or be prevented from performing its obligations here and there or found to be committing persistent breaches of many of its obligations contained herein and not rectified within a period of thirty days after the receipt of notice of such breaches given by the other party.*

7.6. *Notwithstanding any other provisions to the contrary contained herein, this agreement may be terminated by either party upon notification by either party in writing in the event of the other party being found to be engaging themselves in any illegal activity posing a threat to the normal operations and performance of the proposed company.*





8. Governing Law

8.1 For the purposes of this agreement the governing law shall be the applicable law of the country in which the proposed company will be registered that is The Laws of The Republic of Maldives.

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ENCLOSURE

ENCLOSURE

IN WITNESS WHEREOF the parties hereto have executed this agreement the day and year first herein written.

Signed on behalf of :-
The Government of The Republic of Maldives

Witnessed By

[Redacted Signature] Signature

[Redacted Signature]

[Redacted Name] Name

[Redacted Name]

[Redacted Title] Title

[Redacted Title]

Signed on behalf of :-
East West Airlines
(DBA - East West Travel And Trade Links Ltd.)

Witnessed By

[Redacted Signature] Signature

[Redacted Signature]

[Redacted Name] Name

[Redacted Name]

[Redacted Title] Title

[Redacted Title]

PLACE

DATE

[Redacted Place]

[Redacted Date]



EAST WEST AIRLINES

CORPORATE OFFICE

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