

AirAsia Group Berhad – Corporate Rate Agreement between AirAsia Berhad and Tune Hotels Management Sdn. Bhd.

1. Introduction

1.1. 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 Group Berhad (“AAGB” or “the Company”) wishes to announce that AirAsia Berhad (“AAB”), its wholly owned subsidiary, has on 7 September 2018, entered into a Corporate Rate Agreement (“the Agreement”) with Tune Hotels Management Sdn. Bhd. (“Tune Hotels”) to provide accommodation services for AAB and/or its affiliates and/or its guests.

2. Details of Tune Hotels

2.1. Tune Hotels was incorporated on 6 June 2006 in Malaysia and has since grown to be one of the fastest growing value hotel brands in countries such as Malaysia, Indonesia, Australia, India and United Kingdom.

2.2. Tune Hotels is a wholly owned subsidiary of Tune Hotels.com Ltd.

2.3. Tune Group Sdn. Bhd. is a substantial shareholder in TuneHotels.com Ltd and ultimate holding company of Tune Hotels.

2.4. The Agreement with Tune Hotels is deemed a related party transaction by virtue of the fact that –

(a) Tune Group Sdn. Bhd. is owned by Tan Sri Anthony Francis Fernandes (50%), who is a substantial shareholder of AAB and by Datuk Kamarudin Bin Meranun (50%), who is a director and substantial shareholder of AAB;

(b) Tune Group Sdn. Bhd. owns 56.97% of Tune Hotels.com Ltd; and

(c) Tune Hotels.com Ltd owns 100% of Tune Hotels.com (BVI) Ltd, which in turn owns 100% of Tune Hotels in which both Tan Sri Anthony Francis Fernandes and Datuk Kamarudin Bin Meranun are the directors.

3. Salient Terms of the Agreement

3.1. The Agreement will be in full force for a period of four (4) months and the parties may mutually extend the period of the Agreement prior to its expiry.

3.2. Tune Hotels shall provide rooms to accommodate cater for AirAsia cabin crew and Finance Department of AAB and/or its guests in accordance with the room commitment set out in the Agreement.

3.3. The contract value of the transaction is MYR657,216.00 excluding applicable taxes imposed by the Government of Malaysia. Tune Hotels shall invoice AAB on a monthly basis at the end of each month for the payment of the minimum payable.

3.4. Either party may terminate the Agreement by giving the other party two months' prior written notice.

3.5. The Agreement is governed by the laws of Malaysia.

4. Financial Impact of the Agreement

4.1. The Agreement will not have any material financial impact on the Company and/or AAB in the current financial year nor will they have any effect on the share capital and substantial shareholders' shareholdings of the Company. It is also not expected to have a material effect on the net assets per share, earnings per share and gearing of the Company and/or AAB for the financial year ending 31st December 2018.

5. Basis of Consideration

5.1. Comparisons were made with other hotels in the neighbouring areas for factors such as accommodation rates, transportation costs and security standards. The Company concluded that Tune Hotels provides the best offering and value for money.

6. Risks Factors

6.1. The financial risks associated with the Agreement are expected to be limited to the contract value. There is no other risk associated with the transaction.

7. Rationale for the Transaction

7.1. Having compared the normal booking rates offered by Tune Hotels to the general public, the Agreement would lead to a saving of RM395,904. Furthermore, the cost of rooms under the Agreement is inclusive of utilities and usage of facilities.

8. Directors' and Major Shareholders' Interests

8.1. 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 7 September 2018 are as set out in the table below:

Related Party	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 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 Agreement.

9. Audit Committee's Statement

9.1. The Audit Committee of AAGB, having considered all the aspects of the Agreement, is of the opinion that the Agreement is in the best interest of the Company as the Agreement is entered under fair, reasonable and on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company.

10. Board of Directors' Statement

10.1. 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

11.1. The value of the transaction does not breach the 5% percentage ratio as prescribed under the MMLR. As such, the Company does not require the approval of its shareholders. The transaction is not subject to the approval of any government authorities.

12. Highest Percentage Ratio

12.1. The highest percentage ratio applicable to this transaction is 0.01% and the highest aggregated percentage ratio for all the transactions between AAB and the Related Parties and/or persons connected with them pursuant to Paragraph 10.12 of the MMLR of Bursa Malaysia Securities Berhad is 0.63%.

13. Total Amount Transacted for the Preceding Twelve (12) Months

13.1. The total amount transacted between AAGB and the Related Parties and/or persons connected with them for the preceding twelve (12) months is RM2,314,000.

14. Documents available for inspection

14.1. The Agreement is available for inspection by members 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, 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 7 September 2018.