

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**AIRASIA BERHAD**

(Company No.: 284669-W)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW  
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A  
REVENUE OR TRADING NATURE ("PROPOSED MANDATE")**

The Proposed Mandate will be tabled as Special Business at AirAsia Berhad's Twenty Second Annual General Meeting ("**AGM**") which will be held at Asian Aviation Centre of Excellence (*formerly known as AirAsia Academy*), Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 3 June 2015 at 10.00 a.m.. The Notice of the Twenty Second AGM together with the Form of Proxy are set out in the Annual Report of AirAsia Berhad for the year ended 31 December 2014.

You are entitled to attend and vote at our AGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than forty-eight (48) hours before the date and time fixed for our AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 1 June 2015 at 10.00 a.m.

Date and time of AGM : Wednesday, 3 June 2015 at 10.00 a.m.

This Circular is dated 12 May 2015

## DEFINITIONS (Cont'd)

---

Except where the context otherwise requires, the following definitions shall apply throughout and for the purposes of this Circular only:

AAI	: AirAsia (India) Private Limited, (Corporate Identity No.: U62200MH2013PTC241447), incorporated in India
AAX	: AirAsia X Berhad (Company No.: 734161-K), incorporated in Malaysia
Act	: Companies Act, 1965 and any statutory modifications or amendments thereto from time to time
AGM	: Annual General Meeting
AGSS	: AirAsia Global Shared Services Sdn Bhd (Company. No.: 1045172-A), incorporated in Malaysia
AirAsia or our Company	: AirAsia Berhad (Company No.: 284669-W), incorporated in Malaysia
AirAsia Group or our Group	: AirAsia and our subsidiaries
BIG Duty Free	: BIG Duty Free Holdings Ltd (BVI Company No.: 1791835), incorporated in the British Virgin Islands
Board	: Board of Directors of the Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Company No.: 165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No.: 635998-W)
CaterhamJet	: Caterhamjet Global Ltd, (Company No. 995558-T), a foreign company registered under Section 332(1) of the Act.
Circular	: This Circular dated 12 May 2015
Datuk Kamarudin	: Datuk Kamarudin bin Meranun
Director(s)	: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and for the purpose of the Proposed Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or chief executive of our Company, our subsidiary or holding company
EGM	: Extraordinary General Meeting
EPS	: Earnings per Share
FYE	: Financial year(s) ended/ending 31 December, as the case may be
HOD	: Head of department
IAAX	: PT. Indonesia AirAsia Extra (Registration No.: 09.03.1.51.89121), incorporated in Indonesia
Listing Requirements	: The Main Market Listing Requirements of Bursa Securities, including any amendments thereto from time to time
LPD	: 17 April 2015, being the latest practicable date prior to the printing of this Circular

## DEFINITIONS (Cont'd)

---

Major Shareholder(s)	: A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or  (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.  For the purpose of this definition, "interests in shares" has the meaning given in Section 6A of the Act.  For the purpose of the Proposed Mandate, a Major Shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of our Company or any other corporation which is our Company's subsidiary or holding company
Market Day(s)	: A day on which the stock market of Bursa Securities is open for trading in securities
NA	: Net assets attributable to ordinary equity holders of our Company
Person(s) Connected	: Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements
Proposed Mandate	: Proposed renewal of existing shareholders' mandate and new shareholders' mandate for RRPTs as set out in Section 2.3 of this Circular
QPR	: Queens Park Rangers Football Club
QPR Asia	: QPR Asia Sdn Bhd (formerly known as Tune QPR Sdn Bhd) (Company No.: 955642-H), incorporated in Malaysia
QPR Holdings	: QPR Holdings Limited (Company No.: 3197756), incorporated in England and Wales
Record of Depositors	: A record consisting of names of depositors provided by Bursa Depository pursuant to Chapter 24.0 of the rules of Bursa Depository
Related Party(ies)	: Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)
RRPT(s)	: Recurrent related party transaction(s) of a revenue or trading nature, which are necessary for the day-to-day operations and are in the ordinary course of business of our Group, entered or to be entered into by our Company which involve the interest, direct or indirect, of a Related Party(ies)
TAAAX	: Thai AirAsia X Co. Ltd (Company No.: 0105556044936), incorporated in Thailand
Tan Sri Dr. Tony Fernandes	: Tan Sri Dr. Anthony Francis Fernandes
Think BIG	: Think BIG Digital Sdn Bhd (Company No.: 924656-U), incorporated in Malaysia
TIH	: Tune Ins Holdings Berhad (Company No.: 948454-K), incorporated in Malaysia

## DEFINITIONS (Cont'd)

---

TIMB	: Tune Insurance Malaysia Berhad (Company No.: 30686-K), incorporated in Malaysia
TMI	: Tune Money International Sdn Bhd (Company No.: 1036871-K), incorporated in Malaysia
Transacting Party(ies)	: A party which our Company has entered or may enter into a RRPT under the Proposed Mandate
Tune Air	: Tune Air Sdn Bhd (Company No.: 548526-V), incorporated in Malaysia
Tune Box Avionics	: Tune Box Avionics Sdn Bhd (Company No.: 1075353-A), incorporated in Malaysia
Tune Group	: Tune Group Sdn Bhd (Company No.: 798868-P), incorporated in Malaysia
Tune Money	: Tune Money Sdn Bhd (Company No.: 719679-A), incorporated in Malaysia

### Currencies

GBP	: Great Britain Pounds
RM and sen	: Ringgit Malaysia and sen respectively
USD	: United State Dollar

All references to “**our Company**” in this Circular are to AirAsia Berhad and references to “**our Group**” are to our Company and subsidiaries collectively and references to “**we**”, “**us**”, “**our**”, and “**ourselves**” are to our Company, and save where the context otherwise requires, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice-versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

All references to “**you**” in this Circular are to the shareholders of our Company who are entitled to attend and vote at our forthcoming AGM and whose names are in our Record of Depositors at 5.00 p.m. on 27 May 2015.

*For illustration purposes only, the exchange rate of GBP1 = RM5.4282 and USD1=RM3.6370 have been used throughout this Circular, unless otherwise stated.*

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED MANDATE CONTAINING:**

<b>SECTION</b>	<b>PAGE</b>
1. INTRODUCTION .....	1
2. PROPOSED MANDATE .....	2
3. RATIONALE AND BENEFITS OF THE PROPOSED MANDATE .....	17
4. VALIDITY PERIOD FOR THE PROPOSED MANDATE .....	20
5. EFFECTS OF THE PROPOSED MANDATE .....	21
6. APPROVALS REQUIRED .....	21
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM.....	21
8. DIRECTORS' RECOMMENDATION.....	22
9. AGM.....	22
10. FURTHER INFORMATION .....	22
APPENDIX .....	23
<b>EXTRACT OF RESOLUTION .....</b>	<b>ENCLOSED</b>



## **AIRASIA BERHAD**

*(Company No. 284669-W)*

*(Incorporated in Malaysia under the Companies Act, 1965)*

### **Registered Office:**

B-13-15, Level 13  
Menara Prima Tower B  
Jalan PJU 1/39  
Dataran Prima  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

12 May 2015

### **Board of Directors:**

Datuk Kamarudin bin Meranun *(Non-Independent Executive Chairman)*

Tan Sri Dr. Anthony Francis Fernandes *(Non-Independent Executive Director and Group Chief Executive Officer)*

Aireen Omar *(Executive Director and Chief Executive Officer)*

Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar *(Non-Independent Non-Executive Director)*

Dato' Fam Lee Ee *(Senior Independent Non-Executive Director)*

Robert Aaron Milton *(Independent Non-Executive Director)*

Amit Bhatia *(Independent Non-Executive Director)*

Uthaya Kumar A/L K Vivekananda *(Independent Non-Executive Director)*

**To: Our shareholders**

### **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

---

#### **1. INTRODUCTION**

At the EGM of our Company held on 4 June 2014, you had inter-alia, granted the mandate for our Group to enter into RRPTs as stipulated in the Circular to Shareholders dated 12 May 2014.

The authority conferred by the shareholders' mandate, in accordance with the Listing Requirements, shall lapse at the conclusion of our Twenty Second AGM unless authority for its renewal is obtained from you at our forthcoming AGM.

Your Board had on 22 April 2015 announced our intention to seek your approval for the Proposed Mandate at our forthcoming AGM which will be held at Asian Aviation Centre of Excellence *(formerly known as AirAsia Academy)*, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 3 June 2015 at 10.00 a.m..

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AT OUR FORTHCOMING AGM. THE NOTICE OF AGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THE ANNUAL REPORT OF THE COMPANY FOR THE FYE 31 DECEMBER 2014.**

**YOU ARE ADVISED TO READ THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED MANDATE.**

## **2. PROPOSED MANDATE**

### **2.1 Details of the Proposed Mandate**

As provided in Paragraph 10.09(2) of the Listing Requirements, our Company proposes to seek a general mandate from you for the RRPTs subject to, *inter-alia*, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public;
- (b) your mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to your mandate during the financial year where the aggregated value is equal to or more than the following threshold:
  - (i) the consideration, value of the assets, capital outlay or costs of the transactions is RM1 million or more; or
  - (ii) the percentage ratio of such transaction is 1% or more,whichever is the higher;
- (c) this Circular includes the information as may be prescribed by Bursa Securities. The draft Circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain your mandate, the relevant interested Related Party(ies) with any interest, direct or indirect must not vote on the resolution in respect of the transaction(s). An interested Director or interested Major Shareholder must ensure that Person(s) Connected with them abstain from voting on the resolution(s) in respect of the transaction(s); and
- (e) our Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by our Company, exceeds the estimated value of the RRPT disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in our announcement.

Where your mandate has been procured pursuant to the above, the provisions of Paragraph 10.08 of the Listing Requirements in relation to related party transactions will not apply.

### **2.2 Principal activities of our Group**

Our Company is principally providing air transportation services and an investment holding company while the principal activities of our subsidiaries include the provision of insurance services, the provision of financing and leasing arrangements and others.

## 2.3 Details of RRPTs and the Related Parties

The details of the RRPTs entered or to be entered into by our Company with the Transacting Parties under the Proposed Mandate are as follows:

### Existing RRPTs

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 3 June 2015 to the next AGM
<b>Revenue/income</b>				
1.	AAX	Provision of the following range of services by our Company to AAX:  (a) Commercial - Sales and distribution - Sales support - Direct channel - Branding and Creative • Protection of brand to ensure proper public perception is built • Manage communication imagery, sponsorships (e.g. sports and youth marketing) and commercial branding • Creative includes graphic designs supporting branding activities - Web team: Manage, plan, build and develop airasia.com website - Marketing - Ancillary (b) Treasury - Fuel procurement - Fuel hedging (c) Quality Assurance - Credit card fraud unit (d) Cargo (e) Manpower cost (affiliate of companies in China) (f) IT Internal Audits (g) Ground Operations (h) Group Inflight Ancillary (i) Engineering (j) Legal (k) Operations Control Centre (l) Corporate Quality (m) Flight Attendant Department (n) Innovation, Commercial and Technology - Involves all services related to information technology	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	RM17,800,000



No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 3 June 2015 to the next AGM
2.	AAX	Provision of the rights by our Company to AAX as a licensee to operate scheduled air services under the trade name and livery of AirAsia	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	RM8,600,000
3.	TIH	Provision of the right to access our Company's customer database by our Company to TIH to conduct telesales marketing on TIH's and/or third party insurance products and the provision of management services by TIH to our Company's travel insurance business	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	RM300,000
4.	TIMB	Provision of travel insurance to our customers for journeys originated from Malaysia resulting in sales commission received by our Company	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	RM17,600,000
5.	AAX	Provision of charter services to Beirut, Lubnan to be provided by AAX for the Malbatt contingent	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	RM280,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 3 June 2015 to the next AGM
6.	TAAX	Provision of the rights by our Company to TAAX as a licensee to operate scheduled air services under the trade name and livery of AirAsia	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	USD4,900,000
7.	Think BIG	Revenue from ticket sales and/or other ancillary sales arising from redemption of loyalty points from Think BIG, which operates and manages a loyalty program branded as the BIG Loyalty Program	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	RM2,500,000
<b>Expense</b>				
8.	QPR Holdings	Provision of full shirt sponsorship by our Company to QPR which is contingent upon QPR being promoted into the premier league (GBP3,050,000) and bonuses which is contingent upon QPR winning the Capital One Cup and/or FA Cup (GBP1,550,000)	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	GBP3,100,000 - sponsorship fee for the 2015/16 season  GBP1,600,000 - including bonuses contingent upon QPR winning the FA cup and/or the Capital One Cup.
9.	Think BIG	Purchase of loyalty points from Think BIG, which operates and manages a loyalty program branded as the BIG Loyalty Program	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	RM2,300,000
10.	Tune Box Avionics	Purchase and maintenance of an inflight entertainment and connectivity solutions	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	USD9,200,000

Additional RRPTs

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 3 June 2015 to the next AGM
<b>Revenue/income</b>				
1.	IAAX	Provision of the rights by our Company to IAAX as a licensee to operate scheduled air services under the trade name and livery of AirAsia	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	USD2,900,000
2.	IAAX	Provision of price risk management through fuel hedging by our Company with hedging counterparties, on behalf of IAAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	RM150,000
3.	TAAx	Provision of price risk management through fuel hedging by our Company with hedging counterparties, on behalf of TAAx	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholder</b> Tune Air <sup>(3)</sup>	RM150,000
4.	AAI	Provision of price risk management through fuel hedging by our Company with hedging counterparties, on behalf of AAI	<b>Interest Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Amit Bhatia <sup>(4)</sup>	RM150,000
5.	AAI	Provision of leasing of aircraft	<b>Interest Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Amit Bhatia <sup>(4)</sup>	USD25,700,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 3 June 2015 to the next AGM
6.	AAI	Provision of the following services by our Company to AAI:  (a) Network Regulatory; (b) Quality & Assurance; (c) Treasury; (d) Engineering; (e) Operations Control Centre; (f) Audit (Investigation); (g) Flight Attendant Department; and (h) Inflight Business.	<b>Interest Director</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Amit Bhatia <sup>(4)</sup>	RM1,400,000
7.	AAI	Provision of the following shared services by AGSS to AAI:  (a) Finance and accounting support operation services; (b) People department support operation services; and (c) Information and technology operation support services.	<b>Interest Director</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup> Amit Bhatia <sup>(4)</sup>	RM2,200,000
8.	AAX	Provision of the following shared services by AGSS to AAX:  (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; and (d) Sourcing and procurement operation support services.	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholders</b> Tune Air <sup>(3)</sup>	RM2,800,000
9.	Tune Money	Sale and distribution of Tune Money's prepaid card products to our customers resulting in a share of net profits from such sales with our Company	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>  <b>Interested Major Shareholders</b> Tune Air <sup>(3)</sup>	RM1,300,000
<b>Expense</b>				
10.	CaterhamJet	Provision of Bombardier Global Express aircraft operated by CaterhamJet and maintenance support for the aircraft to our Company	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM9,200,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 3 June 2015 to the next AGM
11.	Tune Group	Secondment of personnel from Tune Group to our Company for the purposes of operating Bombardier Global Express aircraft operated by CaterhamJet	<b>Interested Directors</b> Tan Sri Dr. Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM4,800,000

**Notes:**

- (1) *Tan Sri Dr. Tony Fernandes is an interested Director and interested Major Shareholder by virtue of his directorships, direct and indirect shareholdings in our Company, and the Transacting Parties. Please refer to Section 7 of this Circular for details of his shareholdings in our Company.*

*As at the LPD, the directorship and direct and indirect shareholdings of Tan Sri Dr. Tony Fernandes in the Transacting Parties are as follows:*

	<----- Direct ----->		<----- Indirect ----->		Directorship
	No. of shares	%	No. of shares	%	
AAX	49,887,845	2.10	748,760,787	31.59*	✓
QPR Holdings	-	-	2,046,153,209	66.02 <sup>#</sup>	✓
TIH	100,000	0.01	227,692,150	30.29 <sup>^</sup>	✓
TIMB	-	-	83,273,097	83.26 <sup>**</sup>	-
Think BIG	-	-	6,660,002	83.00 <sup>@</sup>	-
Tune Box Avionics	-	-	2	100.00 <sup>##</sup>	-
TAAX	-	-	19,600,000	49.00 <sup>@@</sup>	✓
IAAX	-	-	14,700,000	49.00 <sup>^^</sup>	-
AAI	-	-	24,500,000	49.00 <sup>++</sup>	✓
Tune Money	-	-	135,000,000	100.00 <sup>\$</sup>	✓
CaterhamJet	-	-	500,000	100.00 <sup>\$\$</sup>	✓
Tune Group	18,150,000	50.00	-	-	✓

\* *Deemed interested via his interest in Tune Group and AirAsia, being the Major Shareholders of AAX pursuant to Section 6A of the Act.*

# *Deemed interested via his interest in QPR Asia, being the Major Shareholder of QPR Holdings pursuant to Section 6A of the Act.*

^ *Deemed interested via his interest in Tune Group and AirAsia, being the Major Shareholders of TIH pursuant to Section 6A of the Act.*

\*\* *Deemed interested via his interest in TIH, being the Major Shareholder of TIMB pursuant to Section 6A of the Act.*

## *Deemed interested via his interest in Caterham Enterprises Limited, being the sole Shareholder of Caterham Technology and Innovation Ltd, the Major Shareholder of Tune Box Sdn Bhd which wholly owns Tune Box Avionics pursuant to Section 6A of the Act.*

@ *Deemed interested via his interest in AirAsia and TMI, being the Major Shareholders of Think BIG pursuant to Section 6A of the Act.*

@@ *Deemed interested via his interest in Tune Group and AirAsia, being the Major Shareholders of AAX, being the Major Shareholder of TAAX pursuant to Section 6A of the Act.*

^^ *Deemed interested via his interest in Tune Group and AirAsia, being the Major Shareholder of AAX, being the Major Shareholder of IAAX pursuant to Section 6A of the Act.*

++ *Deemed interested via his interest in AirAsia, being the sole shareholder of AirAsia Investment Limited, being the Major Shareholder of AAI pursuant to Section 6A of the Act.*

\$ Deemed interested via his interest in TMI and AirAsia, being the Major Shareholders of Tune Money pursuant to Section 6A of the Act.  
 \$\$ Deemed interested via his interest in Tune Group, the sole shareholder of CaterhamJet pursuant to Section 6A of the Act.

(2) Datuk Kamarudin is an interested Director and interested Major Shareholder by virtue of his directorships, direct and indirect shareholdings in our Company, and the Transacting Parties. Please refer to Section 7 of this Circular for details of his shareholdings in our Company.

As at the LPD, the directorship and direct and indirect shareholdings of Datuk Kamarudin in the Transacting Parties are as follows:

	<----- Direct ----->		<-----Indirect----->		Directorship
	No. of shares	%	No. of shares	%	
AAX	192,972,994	8.14	748,760,787	31.59*	✓
QPR Holdings	-	-	2,046,153,209	66.02 <sup>#</sup>	✓
TIH	81,900	0.01	227,692,150	30.29 <sup>^</sup>	✓
TIMB	-	-	83,273,097	83.26 <sup>**</sup>	-
Think BIG	-	-	6,660,002	83.00 <sup>@</sup>	✓
Tune Box Avionics	-	-	2	100.00 <sup>##</sup>	-
TAAX	-	-	19,600,000	49.00 <sup>@@</sup>	✓
IAAX	-	-	14,700,000	49.00 <sup>^^</sup>	-
AAI	-	-	24,500,000	49.00 <sup>++</sup>	-
Tune Money	-	-	135,000,000	100.00 <sup>\$</sup>	✓
CaterhamJet	-	-	500,000	100.00 <sup>\$\$</sup>	✓
Tune Group	18,150,000	50.00	-	-	✓

\* Deemed interested via his interest in Tune Group and AirAsia, being the Major Shareholders of AAX pursuant to Section 6A of the Act.

# Deemed interested via his interest in QPR Asia, being the Major Shareholder of QPR Holdings pursuant to Section 6A of the Act.

<sup>^</sup> Deemed interested via his interest in Tune Group and AirAsia, being the Major Shareholders of TIH pursuant to Section 6A of the Act.

\*\* Deemed interested via his interest in TIH, being the Major Shareholder of TIMB pursuant to Section 6A of the Act.

@ Deemed interested via his interest in AirAsia and TMI, being the Major Shareholders of Think BIG pursuant to Section 6A of the Act.

## Deemed interested via his interest in Caterham Enterprises Limited, being the sole Shareholder of Caterham Technology and Innovation Ltd, the Major Shareholder of Tune Box Sdn Bhd which wholly owns Tune Box Avionics pursuant to Section 6A of the Act.

@@ Deemed interested via his interest in Tune Group and AirAsia, being the Major Shareholders of AAX, being the Major Shareholders of TAAX pursuant to Section 6A of the Act.

^^ Deemed interested via his interest in Tune Group and AirAsia, being the Major Shareholder of AAX, being the Major Shareholder of IAAX pursuant to Section 6A of the Act.

++ Deemed interested via his interest in AirAsia, being the sole shareholder of AirAsia Investment Limited, being the Major Shareholder of AAI pursuant to Section 6A of the Act.

\$ Deemed interested via his interest in TMI and AirAsia, being the Major Shareholders of Tune Money pursuant to Section 6A of the Act.

\$\$ Deemed interested via his interest in Tune Group, the sole shareholder of CaterhamJet pursuant to Section 6A of the Act.

- (3) *Tune Air is an interested Major Shareholder by virtue of its direct shareholdings in our Company, and indirect shareholdings in the Transacting Parties. Please refer to Section 7 of this Circular for details of its shareholdings in our Company.*

*As at the LPD, the indirect shareholdings of Tune Air in the Transacting Parties are as follows:*

	<----- Direct ----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
AAX	-	-	326,130,573	13.76*
TIH	-	-	102,609,000	13.65^
TIMB	-	-	83,273,097	83.26**
Think BIG	-	-	3,700,001	46.11@
TAAX	-	-	19,600,000	49.00@@
IAAX	-	-	14,700,000	49.00^^
Tune Money	-	-	54,000,000	40.00\$

\* *Deemed interested via its interest in AirAsia, being the Major Shareholder of AAX pursuant to Section 6A of the Act.*

^ *Deemed interested via its interest in AirAsia, being the Major Shareholder of TIH pursuant to Section 6A of the Act.*

\*\* *Deemed interested via its interest in AirAsia, being the Major Shareholder of TIH, being the Major Shareholder of TIMB pursuant to Section 6A of the Act.*

@ *Deemed interested via its interest in AirAsia, being the Major Shareholder of Think BIG pursuant to Section 6A of the Act.*

@@ *Deemed interested via its interest in AirAsia, being the Major Shareholder of AAX, being the Major Shareholder of TAAX pursuant to Section 6A of the Act.*

^^ *Deemed interested via its interest in AirAsia, being the Major Shareholder of AAX, being the Major Shareholder of IAAX pursuant to Section 6A of the Act.*

\$ *Deemed interested via its interest in AirAsia, being the Major Shareholder of Tune Money pursuant to Section 6A of the Act.*

- (4) *Amit Bhatia is an interested Director by virtue of his directorship in our Company. Amit Bhatia is the son of Arun Bhatia, who holds an indirect stake in AAI via his 99% owned Telestra Tradeplace Pvt Ltd ("**Telestra**"), which in turn, owns 21% of AAI.*

*[The rest of this page has been intentionally left blank]*

## 2.4 Existing mandate of RRPTs obtained at the last EGM

The details of the estimated value and actual value of the RRPTs transacted from the date of which the existing shareholders' mandate was obtained at the last EGM held on 4 June 2014 are set out in table below:

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 12 May 2014	Actual value as at the LPD
<b>Revenue/income</b>					
1.	AAX	Provision of the following range of services by our Company to AAX: (a) Commercial <ul style="list-style-type: none"> <li>- Sales and distribution</li> <li>- Sales support</li> <li>- Direct channel</li> <li>- Branding and Creative               <ul style="list-style-type: none"> <li>• Protection of brand to ensure proper public perception is built</li> <li>• Manage communication imagery, sponsorships (e.g. sports and youth marketing) and commercial branding</li> <li>• Creative includes graphic designs supporting branding activities</li> </ul> </li> <li>- Web team: Manage, plan, build and develop airasia.com website</li> </ul> (b) Innovation, Commercial and Technology <ul style="list-style-type: none"> <li>- Involves all services related to information technology ("IT")</li> </ul> (c) Treasury <ul style="list-style-type: none"> <li>- Fuel procurement</li> <li>- Fuel hedging</li> </ul> (d) Audit and Consulting - Credit card fraud unit (e) Cargo (f) Manpower cost (affiliate of companies in China) (g) IT Internal Audits	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin  <b>Interested Major Shareholder</b> Tune Air	RM12,000,000	RM6,124,000



No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 12 May 2014	Actual value as at the LPD
2.	AAX	Provision of the rights by our Company to AAX as a licensee to operate scheduled air services under the trade name and livery of AirAsia	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin  <b>Interested Major Shareholder</b> Tune Air	RM8,500,000	RM6,494,000
3.	TIH	Provision of the right to access our Company's customer database by our Company to TIH to conduct telesales marketing on TIH's and/or third party insurance products and the provision of management services by TIH to our Company's travel insurance business	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin  <b>Interested Major Shareholder</b> Tune Air	RM350,000	RM261,000
4.	TIMB	Provision of travel insurance to our customers for journeys originated from Malaysia resulting in underwriting commission received by our Company	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin  <b>Interested Major Shareholder</b> Tune Air	RM13,500,000	RM12,507,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 12 May 2014	Actual value as at the LPD
5.	AAX	Provision of charter services to Beirut, Lubnan to be provided by AAX for the Malbatt contingent	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin  <b>Interested Major Shareholder</b> Tune Air	RM8,827,000	RM8,827,000
6.	TAAX	Provision of the rights by our Company to TAAX as a licensee to operate scheduled air services under the trade name and livery of AirAsia	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin  <b>Interested Major Shareholder</b> Tune Air	USD2,565,000	USD720,500
7.	BIG Duty Free	Provision of BIG Duty Free as the Company's exclusive partner to plan, manage and operate a duty free business for the Company	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin	RM15,500,000	-

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 12 May 2014	Actual value as at the LPD
8.	Think BIG	Revenue from ticket sales and/or other ancillary sales arising from redemption of loyalty points from Think BIG, which operates and manages a loyalty program branded as the BIG Loyalty Program	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin  <b>Interested Major Shareholder</b> Tune Air	RM5,500,000	RM1,700,000
<b>Expense</b>					
9.	QPR Holdings	Provision of full shirt sponsorship by our Company to QPR which is contingent upon QPR being promoted into the premier league (GBP2,500,000) and bonuses which is contingent upon QPR winning the Capital One Cup and/or FA Cup (GBP1,450,000)	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin	GBP3,950,000	GBP2,510,000
10.	Think BIG	Purchase of loyalty points from Think BIG, which operates and manages a loyalty program branded as the BIG Loyalty Program	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin  <b>Interested Major Shareholder</b> Tune Air	RM2,000,000	RM1,500,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value of transactions as disclosed in the Circular to Shareholders dated 12 May 2014	Actual value as at the LPD
11.	AAX	Shared services in relation to the respective AAX employees whose services are also provided to our Company	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin  <b>Interested Major Shareholder</b> Tune Air	RM750,000	RM1,183,000*
12.	Tune Box Avionics	Purchase and maintenance of an inflight entertainment and connectivity solutions	<b>Interested Directors and Major Shareholders</b> Tan Sri Dr. Tony Fernandes Datuk Kamarudin	USD7,500,000	USD4,690,000

Note:

\* *The reason for the variance between the actual amount charged and the estimated value was due to additional scope of work undertaken therefore resulting in additional employees employed by AAX for our Company subsequent to the shareholders' mandate obtained in June 2014.*

There is no amount due and owing to our Group by its Related Parties pursuant to the RRPTs which has exceeded the credit term. As such, the disclosures as required under Paragraphs 16A and 16B in Annexure PN12-A of the Listing Requirements are not applicable.

## 2.5 Basis of estimates

The estimated transaction values for the RRPTs referred to in Section 2.3 of this Circular are based on (i) estimated prevailing prices, which are reasonably market-competitive; and (ii) the sums incurred or received over the past years for similar transactions. The estimated transaction values were also projected based on the assumption that (i) our Group's usual levels of transaction; (ii) our Group's projected business volume; and (iii) our current level of operations would be maintained, from the date of our forthcoming AGM to our next AGM.

## 2.6 Review procedures for RRPTs

To promote good corporate governance in the conduct of our Company's business, our Group has established a framework for evaluating potential conflicts of interest and disclosure obligations arising out of transactions, arrangements and relationships between our Company and its Related Parties. The procedures in this framework ensure the RRPTs are on arm's length basis and in the best interest of our Group. We set forth below the review procedures of our Company's RRPTs.

- (i) Each Director is required to make full disclosure at once of any interest he or she may have in any business enterprise with an existing or proposed business relationship or transaction with our Company and/or our subsidiaries.
- (ii) There are no specific thresholds for approval of RRPTs within our Group. All potential RRPTs have to be disclosed by management, being the relevant HOD in which the transaction falls under ("**Management**"). Management will then propose the RRPT by providing a RRPT paper and other relevant documents, including a draft of the announcement to be made to Bursa Securities to the Legal and Compliance Department, at least two (2) weeks prior to the Audit Committee meeting to ensure that regulatory requirements have been met. The Internal Audit Department shall ensure that internal processes in respect of the RRPT are followed. Upon obtaining clearance from the Legal and Compliance Department as well as the Internal Audit Department, Management will sign off on the RRPT papers and the matter shall be tabled to the Audit Committee for consideration and if deemed appropriate, recommended to your Board for approval.
- (iii) With the information provided in the RRPT papers, your Board ascertains that at least two (2) other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to or by the Related Parties are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products or services and/or quantities. In the event that a quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms and not more favourable to the Related Party than those generally available to the public and are not to the detriment of our Company or our Group or to our minority shareholders.
- (iv) The interested Director in the RRPT must abstain from your Board's deliberation and voting on the relevant resolution(s) in respect of the RRPT. The interested Director must inform your Board, of the details of the nature and extent of his interest, including all matters in relation to the proposed RRPT that he is aware or should reasonably be aware of, which is not in the best interest of our Company or our subsidiary, as the case may be.

- (v) The interested Major Shareholder or Person Connected to them must not vote at the general meeting on the resolution approving the RRPT. It is the duty of the interested Director and interested Major Shareholder to ensure that Persons Connected to them abstain from voting on the resolution approving the RRPT.

## **2.7 Audit Committee's Statement**

The Audit Committee has seen and reviewed the procedures set out in Section 2.6 of this Circular and is of the view that the procedures are:

- (i) sufficient to ensure that the RRPTs are not more favourable to the Transacting Parties than those generally available to the public and are not to the detriment of our Company's minority shareholders; and
- (ii) adequate to monitor, track and identify RRPTs in a timely and orderly manner and that such procedures are reviewed on an annual basis or whenever the need arises.

## **2.8 Disclosure of RRPTs**

If the Proposed Mandate is approved, disclosure will be made in our Annual Report and in the Annual Reports for the subsequent years that the Proposed Mandate continues to be in force in accordance with the Listing Requirements which requires, in addition to what is set out in Section 2.1(b) of this Circular, a breakdown of the aggregated value of the RRPTs made during the financial year, among others, based on the following information:

- (a) the type of RRPT made; and
- (b) the names of the Related Parties involved in each type of RRPT made and their relationship with our Company.

If the actual value of an RRPT exceeds the estimated value of the RRPT disclosed in Section 2.3 of this Circular by 10% or more, our Company will make an immediate announcement to Bursa Securities which will include information as may be prescribed by Bursa Securities.

## **3. RATIONALE AND BENEFITS OF THE PROPOSED MANDATE**

The RRPTs that have been entered into and will be entered into by our Group are necessary for our business and are intended to meet business needs at the best possible terms. Our Group should be able to have access to all available markets, products and services provided by all vendors including Related Parties and to provide products and services to all persons including our Related Parties. This will enhance the ability of our Group to explore beneficial business opportunities as well as to promote cross-selling which will be beneficial to our Group.

The Proposed Mandate will eliminate the need to announce and convene separate general meetings on each occasion to seek your prior approval for the entry by our Group into such transactions. This will reduce the associated expenses, improve administrative efficiency and allow manpower, resource and time to be better channelled towards achieving other corporate objectives.

The RRPTs are likely to continue in the future on a frequent and recurrent basis from time to time. In addition, these transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek your prior approval on a case-by-case basis before entering into such transactions.

The RRPTs are transactions in the ordinary course of our business, made on commercial terms on an arm's length basis, on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of our minority shareholders.

The benefits of transacting with the Related Parties are as follows:

- (a) Our Group has the capacity to provide the range of services to AAX as detailed in Section 2.3 of this Circular. The provision of these services is merely extending our Group's existing services to AAX. This would also provide an additional source of income, which will contribute to our Group's revenue and profitability.
- (b) The brand license agreement entered into with AAX will expand AirAsia's reach as well as complement AirAsia's international network – providing service to guests beyond the four (4)-hour flight radius (i.e. long-haul routes). This would also provide an additional source of income, which will contribute to our Group's revenue and profitability. This agreement will allow AAX to operate and be visually recognisable within the AirAsia Group of airlines thus enlarging AirAsia's market share across the region.
- (c) While our Group values the contribution of travel insurance revenue as an important source of ancillary income, the insurance business is not our core business and as such it would be more efficient and cost effective if TIH undertakes the sourcing of insurance for us. This will enable our Group to monetise and leverage on our Group's large customer base for additional revenue without any additional investment outlay whilst improving performance of our travel insurance business and reduce cost of dealing with multiple parties through the central management by TIH. TIH has proven to be reliable in its delivery of services as well as fulfilling the quality expectations of our Group, hence, any risk of interruption to our Group's day-to-day operations would be minimised. TIH is also familiar with our Group's operations and therefore, is able to meet the business needs and requirements of our Group. Further, this would enable our Group to concentrate on our core business while maximising business opportunities.
- (d) The provision of travel insurance to our customers to be provided by TIMB for journey originated from Malaysia will result in sales commission received by our Company. This would provide an additional source of income, which will contribute to our Group's revenue and profitability.
- (e) The provision of charter services to Beirut, Lubnan to be provided by AAX for the Malbatt contingent promotes continuous brand elevation as our Company will continue to be a major service provider to the Ministry of Defence. Additionally, our Company will gain exposure and will further attract the Army personnel to use our services for their personal travel. The exposure gained from this contract will attract others among young enthusiasts in the country to join the Malaysian Armed Forces and fly AirAsia.
- (f) The brand license agreement with TAAX will expand AirAsia's reach out of Thailand as well as complement Thailand AirAsia's domestic network – providing further reach and service to guests beyond the four (4)-hour flight radius (i.e. long-haul routes). This would also provide an additional source of income, which will contribute to our Group's revenue and profitability. This agreement will allow TAAX to operate and be visually recognisable in the same manner as AAX within the AirAsia Group of airlines thus enlarging AirAsia's market share across the region.

- (g) Think BIG operates and manages the BIG Loyalty Program. It plans to accelerate growth of Asia's best frequent flying loyalty programme catering to low-cost carrier customers. Our Company participates in a loyalty programme where our customers accumulate points for purchases made which entitle them for free flights, discounts on future purchases or other AirAsia add-ons such as baggage and Hot Seats. Award points are recognised as a cost of sale at the time of issue while revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed and the redemption value of each point. Our Company will also purchase loyalty points from Think BIG and issue the loyalty points to our customers when they purchase flights or duty free items from AirAsia. The purchase of loyalty points is an expense incurred by our Company. The BIG Loyalty Program is beneficial to our Company as it has a large membership base of over 1 million as at the LPD. Participation by our Company in the BIG Loyalty Program has contributed to an increase of our passenger load. With increased passengers on our flights, our ancillary income from add-on services such as pre-booked and in-flight meals, Check-in Baggage, Pick A Seat, Red Carpet and Fly-Thru, has also simultaneously increased.
- (h) Through the sponsorship agreement with QPR, our Group is able to gain wider access and attract different segments of customers, with football being the top global spectator sport. Our Group believes that the association with these brands in the sporting arenas of football will further elevate the AirAsia brand. The AirAsia association would also give added public relations exposure to our Group, generating significant interest, creating brand loyalty and enabling customers to communicate and engage with our Group through various media platforms.
- (i) The inflight entertainment and connectivity solutions agreement entered into with Tune Box Avionics will offers low upfront capital expenditure compared to traditional inflight entertainment systems and also offers access to lowest pricing as key partner and launch customer. Under this agreement, it will enable additional inflight services that our Company can monetise such as sale of data roaming packages (in conjunction with telecommunications operators) and boost electronic platform and online credit card purchases.
- (j) The brand license agreement entered into with IAAX will expand AirAsia's reach out of Indonesia as well as complement Indonesia AirAsia's domestic network – providing further reach and service to guests beyond the four (4)-hour flight radius (i.e. long-haul routes). This would also provide an additional source of income, which will contribute to our Group's revenue and profitability. This agreement will allow IAAX to operate and be visually recognisable in the same manner as AAX within the AirAsia Group of airlines thus enlarging AirAsia's market share across the region.
- (k) The fuel hedging master agreements to be entered into with IAAX, TAAX and AAI respectively will enable our Company to leverage with bigger volumes of hedge and to obtain better pricing from commodity hedging counterparties. This will also synchronise the hedging activity direction and objective within the Group.
- (l) The provision of leasing of aircrafts to AAI will strengthen our Group commercial and operational economies of scale and extend leverage on AirAsia's brand and distribution presence. The fleet expansion of AAI will help to maximise route opportunities between South East Asia and AAI domestic network and vice versa.
- (m) Our Group has the capacity to provide the range of services to AAI as detailed in Section 2.3 of this Circular. The provision of these services is merely extending our Group's existing services to AAI. This would also provide an additional source of income, which will contribute to our Group's revenue and profitability.



- (n) The service level agreement with AAI will allow AGSS to provide support services to AAI in terms of finance and accounting support operation services, people department support operation services and information and technology operation support services. This will also rationalize and standardize the services provided across the associate companies.
- (o) The service level agreement with AAX will allow AGSS to provide support services to AAX in terms of finance and accounting support operation services, people department support operation services, information and technology operation support services and sourcing and procurement operation support services. This will also rationalize and standardize the services provided across the associate companies.
- (p) The commercial agreement with Tune Money will increase our Company's profitability and lower our costs. By allowing Tune Money to sell and distribute prepaid products, it will increase our Company's customers, resulting in cost savings and improve margins for us from lower credit card fees. It will also allow our Company to build a strong early presence in the cashless payments space that we can leverage once the usage of prepaid cards, contactless smart cards and mobile wallets becomes more widespread. By offering benefits like discounts on baggage fees and inflight meals, our Company will incentivise customers to purchase more ancillary products, potentially increasing ancillary revenue per passenger.
- (q) The agreement for the use of Bombardier Global Express aircraft operated by CaterhamJet and the secondment agreement with Tune Group is vital as AirAsia's Group Chief Executive Officer, Tan Sri Dr Tony Fernandes and AirAsia's Non-Independent Executive Chairman, Datuk Kamarudin frequently travel to meet with the top management of the AirAsia Group in order to ensure the businesses run smoothly and our Company's interests in them are protected. AirAsia Group has steadily grown and now spread out across Asia Pacific, necessitating increased travelling. Further, Tan Sri Dr Tony Fernandes and Datuk Kamarudin are heavily involved in setting up joint ventures and negotiating new business opportunities on behalf of our Company. This may require them to travel to destinations not covered in the AirAsia network, forcing them to rely on commercial flights operated by other carriers and charter flights which may not be cost-efficient in the long term. Commercial flight times can be infrequent or ill-timed, especially on low-traffic routes, and may not sync with Tan Sri Dr Tony Fernandes and Datuk Kamarudin's busy schedules, resulting in productivity loss due to waiting.

Our Group has had long-standing business relationships with the Related Parties and the close co-operation has reaped mutual benefits which are expected to continue to be beneficial to the business of our Group.

#### **4. VALIDITY PERIOD FOR THE PROPOSED MANDATE**

The Proposed Mandate, if approved at our forthcoming AGM, shall take effect from the date of the passing of the ordinary resolution proposed at our forthcoming AGM to approve the Proposed Mandate and is subject to annual renewal. In this respect, the Proposed Mandate shall only continue to be in force until:

- (a) the conclusion of our next AGM following our forthcoming AGM at which such ordinary resolution is passed to effect the Proposed Mandate, at which time it will lapse, unless renewed by a resolution passed at a meeting or the authority is renewed;
- (b) the expiration of the period within which our next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

- (c) the Proposed Mandate is revoked or varied by resolution passed by you in a general meeting,

whichever is the earliest.

## 5. EFFECTS OF THE PROPOSED MANDATE

The Proposed Mandate will not have any effect on the issued and paid-up share capital of our Company and our substantial shareholders' shareholdings and is not expected to have a material effect on the NA per Share and gearing of our Group.

The Proposed Mandate is in relation to the transactions which are of revenue or trading nature which forms part of our Group's day-to-day operations. Thus, those transactions will contribute positively to our Group's financial performance and EPS.

## 6. APPROVALS REQUIRED

The Proposed Mandate is subject to and conditional upon obtaining your approval at our forthcoming AGM.

## 7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of our Directors, Major Shareholders, and/or Persons Connected to them, have any interests, direct or indirect in the Proposed Mandate:

- (i) Tan Sri Dr. Tony Fernandes, by virtue of his directorship in our Company and a Major Shareholder of our Company and by virtue of his directorships and shareholdings in the Transacting Parties as detailed in the notes of Section 2.3 of this Circular;
- (ii) Datuk Kamarudin, by virtue of his directorship in our Company and a Major Shareholder of our Company and by virtue of his directorships and shareholdings in the Transacting Parties as detailed in the notes of Section 2.3 of this Circular;
- (iii) Tune Air, by virtue of it being a Major Shareholder of our Company and by virtue of its shareholdings in the Transacting Parties as detailed in the notes of Section 2.3 of this Circular; and
- (iv) Amit Bhatia, by virtue of his directorship in our Company, and being the son of Arun Bhatia as detailed in the notes of Section 2.3 of this Circular.

The shareholdings of the interested Directors and interested Major Shareholder in our Company as at the LPD are as follows:

	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%
<b><u>Interested Directors</u></b>				
Tan Sri Dr. Tony Fernandes	1,600,000	0.06	531,212,082*	19.09
Datuk Kamarudin	2,000,000	0.07	531,212,082*	19.09
Amit Bhatia	-	-	-	-
<b><u>Interested Major Shareholder</u></b>				
Tune Air	531,212,082	19.09	-	-

**Note:**

- \* Deemed interested via their interests in Tune Air, being the Major Shareholder of our Company pursuant to Section 6A of the Act.

Accordingly, the interested Directors have abstained and will continue to abstain from deliberations and voting on the Proposed Mandate at all your Board's meetings. Further, the interested Directors and interested Major Shareholder will abstain from voting in respect of their direct and indirect interests, if any, on the resolution pertaining to the Proposed Mandate at our forthcoming AGM.

In addition, the interested Directors and interested Major Shareholder have undertaken to ensure that Persons Connected to them shall abstain from voting, deliberating or approving the resolution pertaining to the Proposed Mandate at our forthcoming AGM in respect of their direct and indirect interests in our Company.

## **8. DIRECTORS' RECOMMENDATION**

Your Board (save for the interested Directors), having considered all aspects of the Proposed Mandate, is of the opinion that the Proposed Mandate is in our Company's best and long term interests.

Accordingly, your Board (save for the interested Directors), recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Mandate to be tabled at our forthcoming AGM.

## **9. AGM**

The Twenty Second AGM, the extract of the notice of which is set out in this Circular, will be held at Asian Aviation Centre of Excellence (*formerly known as AirAsia Academy*), Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia, on Wednesday, 3 June 2015 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed Mandate.

You are entitled to attend and vote at our forthcoming AGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than forty-eight (48) hours before the time fixed for our forthcoming AGM or any adjournment thereof. The last date and time for you to lodge the Form of Proxy is on Monday, 1 June 2015 at 10.00 a.m.. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our forthcoming AGM should you subsequently wish to do so.

## **10. FURTHER INFORMATION**

You are advised to refer to the attached appendix for further information.

Yours faithfully,  
For and on behalf of the Board of Directors  
**AIRASIA BERHAD**

**Aireen Omar**  
Executive Director and Chief Executive Officer

**FURTHER INFORMATION**

**1. RESPONSIBILITY STATEMENT**

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information in this Circular. They confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make a statement in this Circular false or misleading.

**2. MATERIAL CONTRACT**

There is no material contract, not being contract entered into in the ordinary course of business, which has been entered into by our Group within the past two (2) years immediately preceding the date of this Circular.

**3. MATERIAL LITIGATION**

As at the date of this Circular, neither we nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business, and we are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect our financial position or business.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia during office hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming AGM:

- (i) our Memorandum and Articles of Association; and
- (ii) our audited consolidated financial statements for the past two (2) FYE 31 December 2013 and 2014.



## AIRASIA BERHAD

(Company No.: 284669-W)

(Incorporated in Malaysia under the Companies Act, 1965)

### EXTRACT OF RESOLUTION TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING TWENTY SECOND ANNUAL GENERAL MEETING

#### ORDINARY RESOLUTION 12

#### PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE")

"THAT approval be and is hereby given for the renewal of the existing shareholders' mandate and new shareholders' mandate for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("**Recurrent Related Party Transactions**") as set out in Section 2.3 of the Circular to Shareholders dated 12 May 2015 ("**Circular**"), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and on normal commercial terms which are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregated value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, among others, based on the following information:
  - (a) the type of Recurrent Related Party Transactions made; and
  - (b) the names of the related parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the Company;
- (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
  - (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, such authority is renewed;
  - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest.

**THAT** the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution.

**AND THAT** as the estimates given for the Recurrent Related Party Transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors of the Company and/or any one of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular.”