

Bursa Announcement

Subject: AirAsia Berhad

- i. Proposed Business Transfer of the RedTix event ticketing business of AirAsia Berhad (“AAB” or “Company”)
- ii. Proposed issuance and allotment of 3,799,998 new ordinary shares of RM1.00 each in RedTix Sdn. Bhd. (“**Proposed Share Issuance**”); and
- iii. Shareholders Agreement (“**SHA**”) between AirAsia Berhad and Bakehouse Venture Builders Sdn. Bhd. (“**BVBSB**”) in respect of their shareholdings in RedTix Sdn. Bhd. (“**RTSB**”).

1. INTRODUCTION

We refer to the announcement dated 24 May 2017 where AAB announced its successful acquisition of 2 ordinary shares in RedTix Sdn. Bhd. (Company No: 1096870-M) [formerly known as Rokki Media Sdn. Bhd.] (“RTSB”) from Rokki Media Holdings Sdn. Bhd. (“RMHSB”) (Company No: 1096871-H), which was in total, equivalent to one hundred percent (100%) of the share capital of RTSB for a total purchase consideration of RM2.00, of which was satisfied in full by way of cash (“Acquisition of RTSB”).

Pursuant to the above, AAB wishes to announce that:

- i. the Company proposes to rationalise its event ticketing business (“**RedTix Business**”), which currently resides within AAB. As such, on 31 May 2017, AAB had entered into a Business Transfer Agreement with RTSB for the transfer of the entire assets, liabilities, activities, business and undertakings of the RedTix Business to RTSB for a consideration of RM1.00 (“**Proposed Business Transfer**”), to be satisfied by way of cash;
- ii. the Company and Bakehouse Venture Builders Sdn. Bhd. (Company No: 1212933-K) (“BVBSB”) (collectively referred to as the “Subscribers”) entered into a Share Subscription Agreement with RTSB 1 June 2017, for the issuance and allotment of 3,799,998 new RTSB ordinary shares (“**Subscription Shares**”) in the ratio described in paragraph 4, at an issue price of RM1.00 per Subscription Share, for a total consideration of RM3,799,998 to be satisfied in full by way of cash (“**Proposed Share Issuance**”). This would result in RTSB having a total issued and paid-up share capital of RM3,800,000; and
- iii. on 1 June 2017, AAB and BVBSB have also entered into a Shareholders Agreement (“**SHA**”) to set out their relationship as shareholders of RTSB.

collectively referred to as the **Proposed Transactions**.

Further details of the SSA and SHA are set out in ensuing sections.

2. INFORMATION ON RTSB AND BVBSB

2.1 RTSB

RTSB was incorporated on 9 June 2014 under the name Rokki Media Sdn. Bhd. (“RMSB”) and is currently a dormant company. As at the date hereof, RTSB’s current issued and paid-up share capital is RM2.00, comprising of 2 ordinary shares. Subsequent to the completion of the Proposed Business Transfer, RTSB will be involved in the event ticketing business.

2.2 BVBSB

BVBSB is a venture builder company which focuses on the travel and food tech industries. BVBSB’s principal activities include designing and developing technology platforms that provide solutions for customers and corporates, including developing business models and product builds with an objective of creating a commercially viable product.

3. RATIONALE OF THE PROPOSED BUSINESS TRANSFER

Transferring the RedTix Business to RTSB would enable greater focus to be placed on driving business growth, fine tuning of its value proposition, building its technology capabilities and introducing greater speed to market, all of which are key for the event ticketing business.

4. DETAILS OF THE PROPOSED SHARE ISSUANCE

4.1 Salient Terms of the Share Subscription Agreement

The salient terms of the Share Subscription Agreement are, amongst others, as set out below:

Subject to the terms and conditions of the Share Subscription Agreement, the Subscribers agree to subscribe for, and RTSB agrees to allot and issue to the Subscribers, 3,799,998 Subscription Shares, at an issue price of RM1.00 per Subscription Share for an aggregate consideration of RM3,799,998, to be satisfied in full by way of cash.

The breakdown of the abovementioned subscription is as follows:

| Subscriber | No. of subscription shares | Total consideration RM |
|--------------------------------------|-----------------------------------|-------------------------------|
| AirAsia Berhad | 2,849,998 | 2,849,998 |
| Bakehouse Venture Builders Sdn. Bhd. | 950,000 | 950,000 |
| Total | 3,799,998 | 3,799,998 |

The Subscription Shares, when allotted and issued, are free from any encumbrances and shall rank pari passu in all respects with the then existing RTSB shares.

The Subscribers confirm that they are not an interested major shareholder, or interested person connected with a director, major shareholder or chief executive of RTSB, as defined in Paragraph 6.06 of the Main Market Listing Requirements of Bursa Securities.

4.2 Basis of determining the issue price of the Subscription Shares

The consideration of RM3,799,998 was arrived at on a willing-buyer willing-seller basis after taking into consideration AAB's internal assessment based on typical valuation methodologies.

4.3 Rationale of the Proposed Share Issuance

The Board is of the view that the Proposed Share Issuance is the most appropriate avenue of fund raising as the Proposed Share Issuance:

- i. enables RTSB to raise additional funds without having to incur interest expenses or service principal repayment as compared to conventional bank borrowings. This would allow RTSB to preserve cash flow for reinvestment and / or operational purposes; and
- ii. brings in a new partner, BVBSB, enabling RTSB to leverage on BVBSB's technological know-how and expertise.

4.4 Utilisation of proceeds

The proceeds will be used for working capital requirements of RTSB.

5. SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT

5.1 Rationale / Purpose of the Shareholders' Agreement

The rationale and purpose of the SHA is to set out the relationship of the shareholders of RTSB ("**Shareholders**") in respect of their rights and obligations as Shareholders in order to regulate the business of RTSB.

5.2 Share Capital

Subsequent to the SHA, RTSB will remain a subsidiary of AAB and the Shareholders' structure shall be as follows:

| Shareholdings | No. of shares | % of shareholdings |
|--|----------------------|---------------------------|
| AirAsia Berhad - Existing shares held | 2 | 0% * |
| AirAsia Berhad - Subscription shares | 2,849,998 | 75% |
| | <hr/> | <hr/> |
| | 2,850,000 | 75% |
| Bakehouse Venture Builders Sdn. Bhd. – Subscription shares | 950,000 | 25% |
| Total | <hr/> | <hr/> |
| | 3,800,000 | 100% |

*less than 1%

Composition of the Board of Directors

Pursuant to the SHA, the Board of Directors of RTSB shall comprise of four (4) directors, three (3) to be nominated by AAB and one (1) to be nominated by BVBSB.

6. LIABILITIES TO BE ASSUMED

There is no liability to be assumed with respect to the SSA and SHA.

7. APPROVALS REQUIRED

The value of the Proposed Transactions would not breach the 25% percentage ratio as prescribed under the Bursa Malaysia Securities Berhad's Main Market Listing Requirements. As such, AAB does not require approval of its shareholders or any authorities to undertake the Transaction.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and Major Shareholders of AAB or persons connected to them has any interest, direct or indirect, in the SSA and SHA.

9. STATEMENT BY THE BOARD

The Board of AAB having considered the rationale and all other relevant factors of the Proposed Business Transfer, SSA and SHA, is of the opinion that entering into the Proposed Business Transfer, SSA and SHA is in the best interest of the Company.

10. FINANCIAL EFFECT OF THE PROPOSED TRANSACTIONS

The Proposed Transactions will not have any material financial impact in the current financial year nor will it have any effect on the share capital and substantial shareholders' shareholdings of AAB. It is also not expected to have material effect on the net assets per share, earnings per share and gearing of AAB for this financial year ending 31 December 2017.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The Business Transfer Agreement, SSA and SHA available for inspection at the registered office of the Company at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 1 June 2017.