

Bursa Announcement

Subject: AirAsia Berhad acquisition of 60% equity stake in Tune Money Sdn Bhd

Contents:

1. Introduction

The Board of AirAsia Berhad (“AirAsia” or “the Company”) wishes to announce that the Company has entered into a Share Sale Agreement (“SSA”) with Tune Money International Sdn Bhd (“TMI”) on 6 October 2015 for the acquisition of 81,000,000 ordinary shares of RM0.10 each (“Shares”) representing 60% equity interest in the issued and paid up ordinary share capital of Tune Money Sdn Bhd (“Tune Money”) and 22 redeemable preference shares of RM0.10 each (“RPS”) representing 100% of the issued and paid up redeemable share capital of Tune Money, that are currently held by TMI for a cash consideration of RM6.36 million, or approximately RM0.038 per ordinary share and RM150,000 per RPS (“the Transaction”), financed by the Company’s internally generated funds.

2. Information on the entities

2.1 Tune Money

Tune Money is a private limited liability company incorporated in Malaysia under the Companies Act 1965 with its registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan and has an authorised share capital of RM100,000,000 divided into 999,999,000 ordinary shares of RM0.10 each and 1,000 RPS of RM0.10 each, of which 135,000,000 ordinary shares of RM0.10 each and 22 RPS of RM0.10 have been issued and fully paid up.

Tune Money is involved in the provision of financial services and having obtained regulatory approval from Bank Negara Malaysia (“BNM”) to issue electronic money in the form of prepaid cards as a payment instrument.

2.2 TMI

TMI is an investment holding company incorporated in Malaysia. AirAsia and TMI are deemed related parties by virtue of the fact that two of TMI’s shareholders and Directors (i.e. Tan Sri Dr Anthony Francis Fernandes and Datuk Kamarudin bin Meranun) are also shareholders and Directors in AirAsia. Tan Sri Dr Anthony Francis Fernandes and Datuk Kamarudin bin Meranun each own 35% of the equity stake in TMI; the remaining 30% equity stake is owned by Mr Lim Kian Onn.

3. Salient terms of the Transaction

3.1 Salient terms of the SSA

- **Acquisition**

TMI agreed to sell to AirAsia and AirAsia agreed to acquire from TMI a total of 81,000,000 ordinary shares of RM0.10 each representing 60% equity interest in the issued and paid up ordinary share capital of Tune Money and 22 RPS of RM0.10 each representing 100% of the issued and paid up redeemable share capital of Tune Money for a cash consideration of RM6.36 million. BNM has stated that it has no objections to the Transaction on 30 September 2015.

- **Salient terms**

- Receipt by AirAsia of a full list of creditors to Tune Money and an aging analysis of the invoices due and owing to the creditors as of 30 June 2015 and 31 August 2015.
- Representation from TMI that the July 2015 Tune Money income statement and balance sheet provided to AirAsia are an accurate reflection of the financial position of Tune Money.
- Representation from TMI that it has provided complete and full disclosure of all actual and contingent liabilities of Tune Money.
- Representation from TMI that Tune Money’s cash deposits in bank accounts and deposits received from prepaid customers are under the full control of Tune Money and are recoverable at any time.

- **Undertakings by TMI**

TMI shall within 7 days of the signing of the SSA repay advances extended to TMI by Tune Money.

- **Basis of Consideration**

The issue price of RM0.038 per ordinary share was arrived at after taking into consideration the unaudited net assets of Tune Money of RM3.06 million as at 31 July 2015, while the price per RPS is at the issue price of the RPS i.e. the amount paid by TMI for the RPS, which was RM3.3 million for 22 RPS or RM150,000 per share, amounting to a total premium of RM3,299,998.80 or RM149,999.90 per share.

4. Rationale for entering into the Transaction

Acquiring the remaining 60% stake in Tune Money will confer onto AAB additional benefits that can only be realised through full ownership and control of Tune Money.

Full ownership would allow greater control and facilitate accelerated decision-making with regards to AirAsia priority items that would help support the Company's business plan and commercial objectives.

Additionally, once AirAsia increases its stake in Tune Money to above 50%, Tune Money will no longer be classified as an associate and AirAsia will be able to incorporate Tune Money's contributions to Company revenue, which would improve AirAsia's top line as well as ancillary revenue.

These are on top of the existing benefits that AirAsia enjoys through its ownership of a stake in Tune Money, such as lower Merchant Discount Rate ("MDR"), increasing ancillary spend by incentivising guests with meal and baggage discounts, and accelerating deployment of the BIG Loyalty programme by allowing points accrual from purchases outside the AirAsia ecosystem.

5. Financial Risks

The financial risks associated with entering into the Transaction are expected to be limited to the Company's investment in Tune Money via the acquired shares.

6. Directors' and major shareholders' interest

The Related Parties are deemed interested in the Transaction and have abstained from all Board and management deliberations in respect thereof.

The Related Parties' direct and indirect shareholdings in AAB as at 6 October 2015 are as set out in the table below:

Shareholder	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dr Anthony Francis Fernandes	1,600,000	0.06	528,542,082	18.99
Dato' Kamarudin bin Meranun	2,000,000	0.07	528,542,082	18.99

Note:

* deemed interested by virtue of Section 6A of the Companies Act, 1965 through a shareholding of more than 15% in Tune Air Sdn Bhd

Save as disclosed, no other directors and/or major shareholders of AirAsia and/or persons connected with them have any interest, whether directly or indirectly, in the Transaction.

7. Audit Committee's Opinion

The Audit Committee, having considered all the relevant factors is of the opinion that the Transaction is in the best interest of the Company as it is fair, reasonable and entered into on normal commercial terms which are not detrimental to the interest of the minority shareholders, due to the reasons stated in the rationale and considering the limited level of risk exposure mentioned above.

8. Statement by Board of Directors

Save for the Related Parties (who have abstained), the Board, having considered all the relevant factors is of the opinion that entering into the Transaction is in the best interest of the Company.

9. Financial effects of the Transaction

9.1 Share capital and substantial shareholders' shareholdings

The Transaction will not have any effect on the issued and paid-up share capital and the shareholdings of substantial shareholders of the Company.

9.2 Earnings and earnings per share ("EPS")

The Transaction is expected to contribute positively to the earnings and cash flow of AirAsia in the future through its shareholding in Tune Money.

9.3 Net assets ("NA"), NA per share and gearing

The Transaction is not expected to have any material effect on the audited consolidated NA per share and consolidated gearing of AirAsia for the financial year ending 31 December 2015.

10. Approval required

This Transaction does not breach the 5% percentage ratio prescribed under Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements. As such, AirAsia does not require the approval of its shareholders and any authorities to enter into the Transaction.

11. Highest percentage ratio

The highest percentage ratio applicable to this Transaction is 0.14% and the highest aggregated percentage ratio for all the transactions between the Company and the Related Parties and/or persons connected with them pursuant to Paragraph 10.12(1) of the Main Market Listing Requirements of Bursa Securities is 2.76%.

12. Document available for inspection

The SSA is 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 3 months from the date of this announcement.

This announcement is dated 6th October 2015.