

## Bursa Announcement

**Subject: Acquisition of 73% equity stake in the share capital of Tune Box Sdn. Bhd. (“Tune Box”) by AirAsia Berhad**

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#### 1. Introduction

Pursuant to Paragraph 10.08(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“the Board”) of AirAsia Berhad (“AirAsia” or “the Company”) wishes to announce that the Company has acquired 780,000 ordinary shares of RM1.00 each and 96,000 ordinary shares of RM1.00 each in the share capital of Tune Box from Caterham Technology and Innovation Limited (“Caterham”) and Mr. Clarence Lim Kee Kiat (“Clarence Lim”) respectively, equivalent to 73% of the total issued and paid-up capital of Tune Box, at par value per ordinary share or for a total cash purchase consideration of RM876,000 from the Company’s internal generated funds (collectively “the Transaction”).

#### 2. Information on Tune Box

##### 2.1 Tune Box

Tune Box 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 RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each and 1,200,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The intended businesses of Tune Box group of companies are:

- Designing, developing and selling in-flight entertainment and connectivity solutions (hardware and entertainment and connectivity services) to airlines and the sale of in-flight connectivity;
- Designing, developing and selling of digital entertainment services, namely video, music and games, to be delivered over-the-top of the internet; and
- Designing, developing and selling of software solutions for the aviation and digital entertainment industries.

##### 2.2 Tune Box Group Structure and Principal Activities

Tune Box has three (3) wholly-owned subsidiary companies namely, Rokki Avionics Sdn. Bhd. (formerly known as Tune Box Avionics Sdn. Bhd.), Rokki Media Holdings Sdn. Bhd. and Rokki Media Sdn. Bhd. with details as follows:

| Company  | Principal Activities  | Date of incorporation |
|--|---|-----------------------|
| Tune Box   | Trading of multimedia content and equipment   | 7 March 2011          |
| Rokki Avionics Sdn. Bhd. (formerly known as Tune Box Avionics Sdn. Bhd.) | Design, development and sale and supply of in-flight entertainment and connectivity solutions, sale of data for in-flight use | 26 December 2013      |
| Rokki Media Holdings Sdn. Bhd.   | Investment Holding  | 9 June 2014           |
| *Rokki Media Sdn. Bhd.   | Acquire, purchase and obtain any rights of any media content  | 9 June 2014           |

*Note:*

*\* Rokki Media Sdn. Bhd. is a wholly-owned subsidiary of Rokki Media Holdings Sdn. Bhd.*

The entering into the Transaction is deemed a related party transaction as two of AirAsia's Directors and major shareholders, Tan Sri Dr. Anthony Francis Fernandes and Datuk Kamarudin Bin Meranun ("Related Parties") are also Directors and major shareholders of Caterham via their shareholdings in Caterham Enterprises Limited.

### 3. Salient Terms of the Transaction

#### 3.1 Acquisition

AirAsia acquired 780,000 ordinary shares of RM1.00 each and 96,000 ordinary shares of RM1.00 each in the share capital of Tune Box from Caterham and Clarence Lim respectively, equivalent to 73% of the total issued and paid-up share capital of Tune Box at a purchase price of RM1.00 per ordinary share or for a total purchase consideration of RM876,000.

#### 3.2 Basis of Consideration

The purchase price of RM1.00 per ordinary share was arrived at after taking into consideration the unaudited total assets of Tune Box of RM6,947,114 as at June 2014.

#### 3.3 The Board

- The Board of Tune Box shall consist of four (4) Directors comprising three (3) directors nominated by AirAsia and Sami Joseph El Hadery ("Sami") or one (1) director nominated by Sami.
- The Board shall nominate a Director to be the chairman of the Board. The chairman shall have a casting vote in the event of an equality of votes at any meeting of the Board.

### 4. Shareholdings Structure

The movement of shares and the shareholdings structure of Tune Box after the Transaction shall be as follows:-

| Name             | No. of ordinary shares held before Transaction | Sale of ordinary shares | No. of ordinary shares held after Transaction | % of shareholding after Transaction |
|------------------|--|-------------------------|---|-------------------------------------|
| 1 Sami El Hadery | 300,000  | -                       | 300,000                                       | 25.00%                              |
| 2 Clarence Lim   | 120,000  | (96,000)                | 24,000  | 2.00%                               |
| 3 Caterham*      | 780,000  | (780,000)               | -   | 0.00%                               |
| 4 AirAsia        | -  | -                       | 876,000                                       | 73.00%                              |
| <b>Total</b>     | <b>1,200,000</b>                               | <b>-</b>                | <b>1,200,000</b>                              | <b>100.00%</b>                      |

Note:

\* Caterham is 100% owned by Caterham Enterprises Limited which is 50% owned by Tan Sri Dr. Anthony Francis Fernandes and 50% owned by Datuk Kamarudin Bin Meranun.

### 5. Rationale for entering into the Transaction

- 5.1 The acquisition of 73% equity stake in the share capital of Tune Box would allow AirAsia to expand its business into the design, sale, supply and provision of in-flight entertainment and connectivity infrastructure solutions ("Wireless IFEC Solution") via Tune Box group.
- 5.2 With the acquisition, AirAsia will be able to diversify its income based on Tune Box's sale of the Wireless IFEC Solution to the AirAsia fleet. Further, Tune Box is expected to contribute additional revenue derived from sales to other airlines.

- 5.3 The acquisition and appointment of the new board of directors will result in the forming of dividend policy and AirAsia will yield dividends representing a higher amount than the total purchase consideration made by AirAsia under the acquisition.
- 5.4 AirAsia being a launch customer for Tune Box's Wireless IFEC Solution will provide firm validation on Tune Box's products. The acquisition grants AirAsia a subsidiary company that is innovative and well positioned to expand its products and services across other airlines, to garner market share and achieve its target sales by 2020.

## 6. Financial Risks

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

## 7. Directors' and major shareholders' interests

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

The Related Parties' direct and indirect shareholdings in AirAsia as at 2 December 2015 are as set out in the table below:

|                                       | Direct        |      | Indirect*     |       |
|---------------------------------------|---------------|------|---------------|-------|
|                                       | No. of Shares | %    | No. of Shares | %     |
| Tan Sri Dr. Anthony Francis Fernandes | 1,600,000     | 0.06 | 528,542,082   | 18.99 |
| Datuk 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.

## 8. Audit Committee's Opinion

The Audit Committee, having considered all the relevant factors in respect of the Transaction is of the opinion that entering into the Transaction is in the best interest of the Company as the Transaction is entered under fair, reasonable and 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.

## 9. Statement by the Board

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

## 10. Financial effect of the Transaction

### 10.1 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.

### 10.2 Earnings and earnings per share ("EPS")

The Transaction is expected to contribute positively to the consolidated earnings and EPS of AirAsia in the future through its shareholding in Tune Box.

### 10.3 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.

**11. Approval required**

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

**12. Highest percentage ratio**

The highest percentage ratio applicable to this Transaction is 0.02% 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 Malaysia Securities Berhad is 2.78%.

**13. Total amount transacted for the preceding twelve (12) months**

The total amount transacted between AirAsia and the Related Parties and/or persons connected with them for the preceding twelve (12) months was RM16.08 million.

**This announcement is dated 2 December 2015.**