

**THIS CIRCULAR/STATEMENT 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**") has not perused the contents of this Circular/Statement in relation to renewal of shareholders' mandate for Recurrent Related Party Transactions and Proposed Share Buy-Back prior to its issuance as they are exempt documents pursuant to Paragraph 2.1 of the Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities has not perused the contents of this Circular in respect of the new shareholders' mandate for additional Recurrent Related Party Transactions on a limited review basis pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities due to AirAsia Group Berhad being selected as a company qualified under the Green Lane Policy, which entitles certain privileges including exemption of the need for pre-vetting of this Circular. Bursa Securities takes no responsibility for the contents of this Circular/Statement, 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/Statement.



**AIRASIA GROUP BERHAD**

(Company No.: 1244493-V)

(Incorporated in Malaysia under the Companies Act, 2016)

**CIRCULAR/STATEMENT TO SHAREHOLDERS IN RELATION TO THE**

**PART A:**

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

**PART B:**

**PROPOSED SHARE BUY-BACK AUTHORITY OF UP TO TEN PER CENT  
(10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF  
AIRASIA GROUP BERHAD ("PROPOSED SHARE BUY-BACK")**

The Proposed Share Buy-Back and the Proposed Mandate will be tabled at AirAsia Group Berhad's Second Annual General Meeting ("**AGM**") which will be held at CAE Kuala Lumpur, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Thursday, 27 June 2019 at 10.00 a.m. The Notice of the Second AGM together with the Form of Proxy are set out in the Annual Report of AirAsia Group Berhad for the year ended 31 December 2018.

You are entitled to attend and vote at our AGM or appoint proxy(ies) to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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 : Tuesday, 25 June 2019 at 10.00 a.m.

Date and time of AGM : Thursday, 27 June 2019 at 10.00 a.m.

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

AAB	: AirAsia Berhad (Company No.: 284669-W), incorporated in Malaysia
AACL	: Asia Aviation Capital Limited (Company no. LL11196), incorporated in Labuan, Malaysia
AAGB or our Company	: AirAsia Group Berhad (Company No.: 1244493-V), incorporated in Malaysia
AAGB Group or our Group	: AAGB and its subsidiaries
AAGB Share(s) or Share(s)	: Ordinary shares in the capital of our Company
AAX	: AirAsia X Berhad (Company No.: 734161-K), incorporated in Malaysia
Act	: Companies Act, 2016 and any statutory modifications or amendments thereto from time to time
AGM	: Annual General Meeting
AirAsia (Guangzhou)	: AirAsia (Guangzhou) Aviation Service Limited (Registration No.: 91440101MA5ALG3R31), incorporated in the People's Republic of China
AirAsia SEA	: AirAsia SEA Sdn. Bhd. (formerly known as AirAsia Global Shared Services Sdn. Bhd.) (Company. No.: 1045172-A), incorporated in Malaysia
BIGLIFE	: BIGLIFE Sdn. Bhd. (formerly known as BIG Loyalty Sdn. Bhd. and Think BIG Digital Sdn. Bhd.) (Company No.: 924656-U), incorporated in Malaysia
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)
Circular/Statement	: This Circular to Shareholders or Statement dated 30 April 2019
Code	: Malaysian Code on Take-Overs and Mergers 2016 read together with the Rules on Take-Overs, Mergers and Compulsory Acquisition, including any amendments that may be made from time to time
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
EPS	: Earnings per Share
FYE	: Financial year(s) ended/ending 31 December, as the case may be
GTR	: Ground Team Red Sdn. Bhd. (Company No.: 800730-V), incorporated in Malaysia

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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	: 5 April 2019, being the latest practicable date prior to the printing of this Circular/Statement
Major Shareholder(s)	<p>: A person who has an interest or interests in one (1) or more voting shares in a corporation and the number or aggregate number of those shares, is:</p> <p>(a) 10% or more of the total number of voting shares in the corporation; or</p> <p>(b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.</p> <p>For the purpose of this definition, “interests in shares” has the meaning given in Section 8 of the Act.</p> <p>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</p>
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
Purchased Share(s)	: Shares purchased by our Company pursuant to the Proposed Share Buy-Back
Proposed Mandate	: Proposed Renewal of Existing Shareholders’ Mandate and New Shareholders’ Mandate for RRPTs as set out in Part A of Section 2.3 of this Circular/Statement
Proposed Share Buy-Back	: Proposed share buy-back of up to ten per cent (10%) of the total number of issued shares of AAGB
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
RedCargo	: RedCargo Logistics Sdn. Bhd. (Company No.: 1271940-D), incorporated in Malaysia
Related Party(ies)	: Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)
Rokki	: Rokki Sdn. Bhd. (Company No.: 935105-W), incorporated in Malaysia

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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)
SC	: Securities Commission Malaysia
TAAX	: Thai AirAsia X Co. Ltd. (Company No.: 0105556044936), incorporated in Thailand
Tan Sri Tony Fernandes	: Tan Sri Anthony Francis Fernandes
TIMB	: Tune Insurance Malaysia Berhad (Company No.: 30686-K), incorporated in Malaysia
TPGB	: Tune Protect Group Berhad (Company No. 948454-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 Group	: Tune Group Sdn. Bhd. (Company No.: 798868-P), incorporated in Malaysia
Tune Hotels	: Tune Hotels Management Sdn. Bhd. (Company No.: 736610-U), incorporated in Malaysia
Tune Live	: Tune Live Sdn. Bhd. (Company No.: 948620-U), incorporated in Malaysia

#### **Currencies**

CNY	: Chinese Yuan
RM	: Ringgit Malaysia
USD	: United States Dollar

All references to “**our Company**” in this Circular/Statement are to AirAsia Group 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/Statement 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/Statement shall be a reference to Malaysian time, unless otherwise specified.

All references to “**you**” in this Circular/Statement 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 20 June 2019.

For illustration purposes only, the exchange rate of USD1 = RM4.08 and CNY1 = RM0.607 have been used throughout Part A of this Circular/Statement, unless otherwise stated.

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## **PART A**

### **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.....	19
4. VALIDITY PERIOD FOR THE PROPOSED MANDATE.....	22
5. EFFECTS OF THE PROPOSED MANDATE .....	23
6. APPROVALS REQUIRED .....	23
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM .....	23
8. DIRECTORS' RECOMMENDATION.....	24
9. AGM .....	24
10. FURTHER INFORMATION.....	24

## **PART B**

### **LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED SHARE BUY-BACK CONTAINING:**

<b>SECTION</b>	<b>PAGE</b>
1. INTRODUCTION.....	26
2. DETAILS OF THE PROPOSED SHARE BUY-BACK.....	26
3. RATIONALE OF THE PROPOSED SHARE BUY-BACK .....	29
4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK .....	30
5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK.....	31
6. APPROVALS REQUIRED .....	33
7. SHARE PRICE PERFORMANCE .....	33
8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM .....	34

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9. DIRECTORS' STATEMENT AND RECOMMENDATION.....	34
10. AGM .....	34
11. FURTHER INFORMATION .....	34
<b>APPENDIX.....</b>	<b>35</b>
<b>EXTRACT OF RESOLUTIONS .....</b>	<b>ENCLOSED</b>

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**PART A**

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



**AIRASIA GROUP BERHAD**  
(Company No. 1244493-V)  
(Incorporated in Malaysia under the Companies Act, 2016)

**Registered Office:**

Unit 30-01, Level 30  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

30 April 2019

**Board of Directors:**

Datuk Kamarudin bin Meranun (*Executive Chairman*)  
Tan Sri Anthony Francis Fernandes (*Executive Director and Group 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*)  
Stuart L Dean (*Independent Non-Executive Director*)  
Dato' Mohamed Khadar bin Merican (*Independent Non-Executive Director*)  
Noor Neelofa binti Mohd Noor (*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**

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**1. INTRODUCTION**

At the AGM held on 20 June 2018, the Company had obtained a mandate from its shareholders for AAGB Group to enter into RRPTs as stipulated in the Circular to Shareholders dated 25 May 2018. The authority granted pursuant to the shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the next AGM of the Company unless the authority is renewed.

Your Board had on 17 April 2019 announced our intention to seek your approval for the Proposed Mandate at our forthcoming AGM which will be held at the CAE Kuala Lumpur Sdn. Bhd., Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Thursday, 27 June 2019 at 10.00 a.m. which will permit the AAGB Group to enter into RRPTs, which are necessary for the day-to-day operations and are in the ordinary course of business of the Group.



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THE PURPOSE OF PART A OF THIS CIRCULAR/STATEMENT 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 2018.

YOU ARE ADVISED TO READ PART A OF THIS CIRCULAR/STATEMENT 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 aggregate 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 was submitted to Bursa Securities together with a checklist showing compliance with such information earlier;
- (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 save for Paragraph 10.08(7).

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

Our Company is an investment holding company and principally providing air transportation services, while other principal activities of our subsidiaries are the provision of shared services such as finance and accounting, digital, information and technology, human resources,

logistics, e-wallet, travel solutions and sourcing and procurement operation support service, the provision of financing and leasing arrangements and others.

### 2.3 Details of RRPTs and the Related Parties

The details of the RRPTs to be entered into by AAGB Group 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 27 June 2019 to the next AGM
<b>REVENUE/INCOME</b>				
1.	AAX	Provision of the following range of services by AAB 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> <li>- Digital Marketing</li> <li>- Ancillary</li> </ul> (b) Treasury <ul style="list-style-type: none"> <li>- Fuel procurement</li> <li>- Fuel hedging</li> </ul> (c) Revenue Assurance - Credit card fraud unit (d) Internal Audits (e) Group Inflight Ancillary (f) Engineering (g) Customer Support	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM21,450,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 27 June 2019 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 Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM8,600,000
3.	AAX	Provision of the following shared services by AirAsia SEA 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 and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM3,400,000
4.	TPGB	Provision of the right to access AAB's customer database by our Company to TPGB to conduct marketing on TPGB's and/or third party insurance products and the provision of management services by TPGB to AAB's travel insurance business	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM50,000
5.	TIMB	Provision of travel insurance to AAB's customers for journeys originated from Malaysia resulting in sales commission received by AAB	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM13,000,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 27 June 2019 to the next AGM
6.	TAAX	Provision of the rights by AAB 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 Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	USD11,300,000 (RM46,104,000)
7.	TAAX	Provision of price risk management through fuel hedging by AAB with hedging counterparties, on behalf of TAAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM194,000
8.	TAAX	Provision of the following shared services by AirAsia SEA to TAAX:  (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; (d) Sourcing and procurement operation support services; and (e) Innovation, commercial and technology services.	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM1,406,000
9.	IAAX	Provision of the rights by AAB 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 Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	USD270,000 (RM1,102,000)

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 27 June 2019 to the next AGM
10.	IAAX	Provision of price risk management through fuel hedging by AAB with hedging counterparties, on behalf of IAAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM144,000
11.	IAAX	Provision of leasing of aircraft by AACL to IAAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	USD16,800,000 (RM68,544,000)
12.	IAAX	Provision of the following shares services by AirAsia SEA to IAAX:  (a) Finance and accounting support operation services; (b) People department support operation; (c) Information and technology operation support services; (d) Sourcing and procurement operation support services; and (e) Innovation, commercial and technology services.	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM341,000
13.	AAX	Provision of ground handling services by GTR to AAX at Kuala Lumpur International Airport 2 (klia2) and diversion airports at Penang and Langkawi (if required)	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM43,500,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 27 June 2019 to the next AGM
<b>EXPENSE</b>				
14.	AAX	Provision of lounge services to the Company's passengers by subscribing to the AirAsia Premium Lounge operated by AAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM2,200,000
15.	AAX	Purchase of AAX's cargo transportation capacity by RedCargo on routes operated by AAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM200,000,000

#### **ADDITIONAL RRPTS**

#### **EXPENSES**

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 27 June 2019 to the next AGM
1.	Tune Hotels	Receipt of accommodation services for AAB and/or its affiliates and/or its guests at Tune Hotel Sepang (Aeropolis) by AAB from Tune Hotels at corporate rate	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM1,000,000
2.	TAAX	Purchase of TAAX's cargo transportation capacity by RedCargo on routes operated by TAAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM21,300,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 27 June 2019 to the next AGM
3.	AAX	Redemption of loyalty points when Big members use the loyalty points accumulated under the Big Loyalty Program operated and managed by BIGLIFE for AAX's flights and other ancillary products and services.	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM68,400,000
4.	TAAX	Redemption of loyalty points when Big members use the loyalty points accumulated under the Big Loyalty Program operated and managed by BIGLIFE for TAAX's flights and other ancillary products and services.	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM33,627,000

#### **REVENUE/INCOME**

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 27 June 2019 to the next AGM
1.	TPGB	TPGB's subscription to advertising services in Rokki's portal	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM650,000
2.	AAX	Supply of in-flight entertainment system, hardware, software, content and updates by Rokki	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM4,600,000

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 27 June 2019 to the next AGM
3.	AAX	Provision of operational services by AirAsia (Guangzhou) to AAX in China	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	CNY54,500,000 (RM33,081,000)
4.	TAAX	Provision of operational services by AirAsia (Guangzhou) to TAAX in China	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	CNY1,470,000 (RM892,000)
5.	AAX	Sale of loyalty points under the BIG Loyalty Program by BIGLIFE to AAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM15,200,000
6.	TAAX	Sale of loyalty points under the BIG Loyalty Program by BIGLIFE to TAAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM3,815,000

**Notes:**

- (1) *Tan Sri 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 Tony Fernandes in the Transacting Parties are as follows:*



	<----- Direct ----->		<----- Indirect ----->		Directorship
	No. of shares	%	No. of shares	%	
AAX	111,587,228	2.69	1,310,331,376	31.59*	✓
TPGB	100,000	0.01	221,172,150	29.42^	-
TIMB	-	-	83,273,097	83.26**	-
TAAX	-	-	19,600,000	49.00@	-
IAAX	-	-	8,536,539	49.00^^	-
Tune Group	18,150,000	50.00	-	-	✓
Tune Hotels	-	-	25,000,000	100.00#	✓

\* Deemed interested via his interest in Tune Group and AAB, being the Major Shareholders of AAX pursuant to Section 8 of the Act.

^ Deemed interested via his interest in Tune Group and AAB, being the Major Shareholders of TPGB pursuant to Section 8 of the Act.

\*\* Deemed interested via his interest in TPGB, being the Major Shareholder of TIMB pursuant to Section 8 of the Act.

@ Deemed interested via his interest in Tune Group and AAB, being the Major Shareholders of AAX, being the Major Shareholder of TAAX pursuant to Section 8 of the Act.

^^ Deemed interested via his interest in Tune Group and AAB, being the Major Shareholder of AAX, being the Major Shareholder of IAAX pursuant to Section 8 of the Act.

# Deemed interested via his interest in Tune Group, being the Major Shareholder of Tune Hotels.com Ltd., being the Major Shareholder of Tune Hotels.com (BVI) Ltd, which in turn is the Major Shareholder of Tune Hotels pursuant to Section 8 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	370,709,939	8.94	1,310,331,376	31.59*	✓
TPGB	81,900	0.01	221,172,150	29.42^	✓
TIMB	-	-	83,273,097	83.26**	-
TAAX	-	-	19,600,000	49.00@	✓
IAAX	-	-	8,536,539	49.00^^	-
Tune Group	18,150,000	50.00	-	-	✓
Tune Hotels	-	-	100,000	100.00#	✓

\* Deemed interested via his interest in Tune Group and AAB, being the Major Shareholders of AAX pursuant to Section 8 of the Act.

^ Deemed interested via his interest in Tune Group and AAB, being the Major Shareholders of TPGB pursuant to Section 8 of the Act.

\*\* Deemed interested via his interest in TPGB, being the Major Shareholder of TIMB pursuant to Section 8 of the Act.

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- @ *Deemed interested via his interest in Tune Group and AAB, being the Major Shareholders of AAX, being the Major Shareholder of TAAX pursuant to Section 8 of the Act.*
- ^^ *Deemed interested via his interest in Tune Group and AAB, being the Major Shareholder of AAX, being the Major Shareholder of IAAX pursuant to Section 8 of the Act.*
- # *Deemed interested via his interest in Tune Group, being the Major Shareholder of Tune Hotels.com Ltd., being the Major Shareholder of Tune Hotels.com (BVI) Ltd, which in turn is the Major Shareholder of Tune Hotels pursuant to Section 8 of the Act*

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

2.4.1 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 AGM held on 20 June 2018 up to the LPD are set out in the 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 25 May 2018	Actual value of transactions from 20 June 2018 to LPD
1.	AAX	<p>Provision of the following range of services by AirAsia to AAX:</p> <ul style="list-style-type: none"> <li>(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> </ul> </li> <li>- Web team: Manage, plan, build and develop airasia.com website</li> <li>- Marketing</li> <li>- Ancillary</li> <li>(b) Treasury <ul style="list-style-type: none"> <li>- Fuel procurement</li> <li>- Fuel hedging</li> </ul> </li> <li>(c) Quality Assurance – Credit card fraud unit</li> <li>(d) Cargo</li> <li>(e) Manpower cost (affiliate of companies in China)</li> </ul>	<p><b>Interested Directors and Major Shareholders</b>  Tan Sri Tony Fernandes<sup>(1)</sup>  Datuk Kamarudin<sup>(2)</sup></p>	RM19,500,000	RM14,376,165

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 25 May 2018	Actual value of transactions from 20 June 2018 to LPD
		(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			
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 Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM8,600,000	RM5,389,900
3.	AAX	Provision of charter services to Beirut, Lebanon to be provided by AAX for the Malbatt contingent	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM279,000	Nil

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 25 May 2018	Actual value of transactions from 20 June 2018 to LPD
4.	AAX	Provision of the following shared services by AirAsia SEA 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 and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM3,602,000	RM2,954,860
5.	TPB	Provision of the right to access AirAsia's customer database by our Company to TPB to conduct marketing on TPB's and/or third party insurance products and the provision of management services by TPB to AirAsia's travel insurance business	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM70,000	RM23,078
6.	TIMB	Provision of travel insurance to AirAsia's customers for journeys originated from Malaysia resulting in sales commission received by AirAsia	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM14,700,000	RM8,220,918

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 25 May 2018	Actual value of transactions from 20 June 2018 to LPD
7.	TAAX	Provision of the rights by AirAsia 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 Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	USD7,363,397 (RM28,864,516)	USD1,459,832 (RM5,956,114)
8.	TAAX	Provision of price risk management through fuel hedging by AirAsia with hedging counterparties, on behalf of TAAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM144,000	RM155,000
9.	TAAX	Provision of the following shared services by AirAsia SEA to TAAX:  (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; (d) Sourcing and procurement operation support services; and (e) Innovation, commercial and technology services.	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM1,406,000	RM1,232,624

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 25 May 2018	Actual value of transactions from 20 June 2018 to LPD
10.	IAAX	Provision of the rights by AirAsia 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 Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	USD1,442,920 (RM5,656,246)	USD1,587,242 (RM6,475,947)
11.	IAAX	Provision of price risk management through fuel hedging by AirAsia with hedging counterparties, on behalf of IAAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM144,000	RM96,000
12.	IAAX	Provision of leasing of aircraft by AACL to IAAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	USD16,800,000 (RM65,856,000)	USD13,965,000 (RM56,977,200)
13.	IAAX	Provision of the following shares services by AirAsia SEA to IAAX:  (a) Finance and accounting support operation services; (b) People department support operation; (c) Information and technology operation support services; (d) Sourcing and procurement operation support services; and	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM1,260,000	RM1,027,236

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 25 May 2018	Actual value of transactions from 20 June 2018 to LPD
		(e) Innovation, commercial and technology services.			
14.	AAX	Provision of ground handling services by GTR to AAX at Kuala Lumpur International Airport 2 (klia2) and diversion airports at Penang and Langkawi (if required)	<b>Interested Directors</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM43,500,000	RM32,138,016
15.	AAX	Provision of lounge services to the Company's passengers by subscribing to the AirAsia Premium Lounge operated by AAX	<b>Interested Directors and Major Shareholders</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM1,720,000	RM1,487,570
16.	AAX	Purchase of AAX's cargo transportation capacity by RedCargo on routes operated by AAX	<b>Interested Directors</b> Tan Sri Tony Fernandes <sup>(1)</sup> Datuk Kamarudin <sup>(2)</sup>	RM170,000,000	RM131,107,366

2.4.2 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.



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## 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.

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- (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 undertaken on arm's length basis 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 and processes 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 aggregate 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.

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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 AAGB Group's reach as well as complement AAGB Group'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 AAGB Group of airlines thus enlarging AAGB Group'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 TPGB 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 TPGB. TPGB 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. TPGB 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 brand license agreement with TAAX will expand AAGB's reach out of Thailand as well as complement Thailand AirAsia Group'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 AAGB Group of airlines thus enlarging AAGB Group's market share across the region.
- (f) The brand license agreement entered into with IAAX will expand the AAGB Group's reach out of Indonesia as well as complement Indonesia AirAsia Group'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 AAGB Group of airlines thus enlarging AAGB Group's market share across the region.
- (g) The fuel hedging master agreements to be entered into with IAAX and TAAX 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.
- (h) The service level agreement with AAX will allow AirAsia SEA 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 rationalise and standardise the services provided across the associate companies.

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- (i) The provision of leasing of aircraft by AACL to IAAX will strengthen our Group commercial and operational economies of scale and extend leverage on AirAsia's brand and distribution presence in Indonesia. The fleet expansion of IAAX will help to maximise route opportunities with the AirAsia network.
  - (j) The service level agreement with TAAX and IAAX will allow AirAsia SEA to provide support services to TAAX and IAAX in terms of finance and accounting support operation services, people department support operation services, information and technology operation support services, sourcing and procurement operation support services and innovation, commercial and technology services. This will also rationalise and standardise the services provided across the associate companies.
  - (k) GTR has a fully digitalised ground handling services control centre which can track aircraft handling by having real-time information on passenger boarding, baggage reconciliation and ramp-loading. With such control centre, GTR is able to reduce AAX's turnaround times and cost, therefore improving the overall customer experience. The provision of the ground handling services will strengthen the brand image of AirAsia and contribute to our Group's revenue and profitability.
  - (l) The use of the Premium Lounge by AAB is to add a value service to the Premium Flex fare. As the Premium Flex product is targeted to the business consumer and to compete with other carriers, adding the use of Premium Lounge will enhance the Premium Flex package. Moreover, by including the Premium Lounge benefits to the Premium Flex package, it is expected to increase the sales of Premium Flex seats.
  - (m) The purchase of AAX's cargo transportation capacity by RedCargo will enable RedCargo to centralise our Group's cargo function. It promotes centralised point of sale and leverage, as commercial negotiations with general sales agent, cargo sales agent, freight forwarders and companies will be carried out by RedCargo as one entity. By having the ability to offer multiple connectivity opportunities across routes operated by AAGB Group and AAX group of airlines, RedCargo can achieve commercial effectiveness and operational efficiency.
  - (n) The purchase of TAAX's cargo transportation capacity by RedCargo will enable RedCargo to centralise our Group's cargo function. It promotes centralised point of sale and leverage as commercial negotiations with general sales agent, cargo sales agent, freight forwarders and companies will be carried out by RedCargo as one entity. By having the ability to offer multiple connectivity opportunities across routes operated by AAGB Group of airlines and TAAX, RedCargo can achieve commercial effectiveness and operational efficiency.
  - (o) BIGLIFE operates and manages AAGB Group's BIG Loyalty Program. It plans to accelerate the growth of Asia's best frequent flying loyalty programme catering to low-cost carrier customers. AAX participates in BIG Loyalty Program where its customers accumulate points for purchases made which entitle them to redeem free flights, discounts on future purchases or other AirAsia add-ons such as baggage and Hot Seats. Issuance of award points to AAX will be treated as revenue to BIGLIFE whereas redemption of award points by AAX's customers will be treated as expense to BIGLIFE. The amount of expense is based on the number of points redeemed and the redemption value of each point.
  - (p) BIGLIFE operates and manages AAGB Group's BIG Loyalty Program. It plans to accelerate the growth of Asia's best frequent flying loyalty programme catering to low-cost carrier customers. TAAX participates in BIG Loyalty Program where its customers accumulate points for purchases made which entitle them to redeem free flights, discounts on future purchases or other AirAsia add-ons such as baggage and Hot Seats. Issuance of award points to TAAX will be treated as revenue to BIGLIFE whereas redemption of award points by TAAX's customers will be treated as expense

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to BIGLIFE. The amount of expense is based on the number of points redeemed and the redemption value of each point.

- (q) AirAsia (Guangzhou)'s provision of operational services to AAX through its employees, office premise(s) and other applicable facilities (as the case may be), will facilitate and support AAX's operational requirements for the stations which AAX flies to within the People's Republic of China. This is beneficial to the AAGB Group as it will boost the overall business profitability of the Group in the People's Republic of China.
- (r) AirAsia (Guangzhou)'s provision of operational services to TAAX through its employees, office premise(s) and other applicable facilities (as the case may be), will facilitate and support TAAX's operational requirements for the stations which TAAX flies to within the People's Republic of China. This is beneficial to the AAGB Group as it will boost the overall business profitability of the Group in the People's Republic of China.
- (s) In Rokki's portal available on AirAsia aircraft installed with Rokki's Inflight Entertainment and Connectivity system, Rokki has digital media slots for advertising and partnership opportunities. TPGB's subscription to Rokki's advertising services will increase Rokki's revenue while driving more consumption of Rokki's services.
- (t) The in-flight tablet entertainment systems, software and content solutions require low maintenance and will continue to be one of Rokki's stable sources of revenue. The sale and supply agreement entered into with AAX will allow its customers to enjoy an in-flight entertainment system such as movies, TV shows, music and games on AAX's long-haul flights. This will help improve the overall branding of AirAsia.
- (u) With the proximity of Tune Hotel KLIA (Aeropolis) to AAB's headquarters, the corporate rate offered by Tune Hotels to AAB represents the best offering and value for money in accommodating AAB's cabin crew and guests.
- (v) BIGLIFE operates and manages AAGB Group's BIG Loyalty Program. It plans to accelerate the growth of Asia's best frequent flying loyalty programme catering to low-cost carrier customers. BIGLIFE sells loyalty points to AAX and AAX will issue the loyalty points to its customers when they purchase flights or duty free items. The sale of loyalty points will promote AAGB Group's BIG Loyalty Program.
- (w) BIGLIFE operates and manages AAGB Group's BIG Loyalty Program. It plans to accelerate the growth of Asia's best frequent flying loyalty programme catering to low-cost carrier customers. BIGLIFE sells loyalty points to TAAX and TAAX will issue the loyalty points to its customers when they purchase flights or duty free items. The sale of loyalty points will promote AAGB Group's BIG Loyalty Program.

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 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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 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; and
- (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.

The shareholdings of the interested Directors and Major Shareholders 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 Tony Fernandes	1,600,000	0.05	*1,075,485,082	32.18
Datuk Kamarudin	2,000,000	0.06	*1,075,485,082	32.18

**Notes:**

\* Deemed interested via their interests in Tune Air and Tune Live, being Major Shareholders of our Company pursuant to Section 8 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 Shareholders will abstain from voting in respect of

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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 Shareholders have undertaken to ensure that the 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 Second AGM, the extract of the notice of which is set out in this Circular, will be held at CAE Kuala Lumpur Sdn. Bhd., Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Thursday, 27 June 2019 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 proxy(ies) to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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 Tuesday, 25 June 2019 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 GROUP BERHAD**

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

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**PART B**

**PROPOSED SHARE BUY-BACK AUTHORITY OF UP TO TEN PER  
CENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF  
AIRASIA GROUP BERHAD**





**AIRASIA GROUP BERHAD**  
(Company No. 1244493-V)  
(Incorporated in Malaysia under the Companies Act, 2016)

**PROPOSED SHARE BUY-BACK AUTHORITY OF UP TO TEN PER CENT (10%) OF THE TOTAL  
NUMBER OF ISSUED SHARES OF AAGB (“PROPOSED SHARE BUY-BACK”)**

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**1. INTRODUCTION**

On 26 April 2019, our Company announced that your Board proposed to seek your approval to purchase up to ten per cent (10%) of our total number of issued Shares.

**THE PURPOSE OF PART B OF THIS CIRCULAR/STATEMENT IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED SHARE BUY-BACK 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 2018.**

**YOU ARE ADVISED TO READ PART B OF THIS CIRCULAR/STATEMENT TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK.**

**2. DETAILS OF THE PROPOSED SHARE BUY-BACK**

Your Board proposes to seek your approval for the authority to purchase our Company's own Shares of up to ten per cent (10%) of the total number of issued shares of our Company.

The Proposed Share Buy-Back is subject to compliance with the Act, our Company's Constitution, the Listing Requirements and any prevailing laws, guidelines, orders, rules and regulations issued by the relevant authorities at the time of purchase.

The Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution relating to the Proposed Share Buy-Back at our forthcoming AGM and shall be valid until:

- (a) the conclusion of the next AGM of our Company following at which time the authority will lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of our Company is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by you in a general meeting,

whichever occurring first, but shall not prejudice the completion of purchase(s) by our Company of our own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

## **2.1 Quantum**

The maximum aggregate number of Shares, which may be purchased by our Company, shall not exceed ten per cent (10%) of the total number of issued shares of our Company as quoted on Bursa Securities at any point in time. As at LPD, the total number of issued Shares of our Company is 3,341,974,082 Shares. The maximum number of Shares which may be purchased and/or held as treasury shares by our Company is 334,197,408 Shares representing ten per cent (10%) of the total number of issued Shares of our Company.

The actual number of Shares to be purchased and the timing of such purchase will depend on, among others, the market conditions and sentiments of the stock market as well as the retained profits and financial resources available to our Company as at the point of purchase.

## **2.2 Funding**

Pursuant to Paragraph 12.10 of the Listing Requirements, our Company is required to ensure that the proposed purchase(s) of our own Shares is made wholly out of our Company's retained profits. Your Board proposes to allocate a maximum amount not exceeding the aggregate of the retained profits of our Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase. Our Company's audited retained earnings, based on our Company's latest audited financial statements for the FYE 31 December 2018 at our Company level, amounts to RM1,338,060,377.55.

The funding for the Proposed Share Buy-Back will be from internally generated funds and/or external bank borrowings and the amount allocated for the Purchased Shares will not exceed the aggregate amount of our Company's retained earnings. All Purchased Shares may be cancelled or retained as treasury shares or a combination of both. Treasury shares may be distributed as share dividends, resold or transfer on Bursa Securities and/or subsequently cancelled.

The actual amount of funds to be utilised for the Proposed Share Buy-Back will only be determined later depending on the actual number of Shares to be purchased, the availability of funds as at the point of purchase and other relevant cost factors.

The Proposed Share Buy-Back, if funded via internally generated funds, is not expected to have a material impact on our Company's cash flow position. In the event the Proposed Share Buy-Back is funded through external bank borrowings, your Board will ensure that our Company will have sufficient funds to repay such borrowings and that the repayment thereof would not have any material effect on our Company's cash flow position. In addition, your Board will ensure that our Company satisfies the solvency test as stated in Section 112(2) of the Act before execution of the Proposed Share Buy-Back.

## **2.3 Pricing**

Pursuant to Paragraph 12.17 of the Listing Requirements, our Company may only purchase our own Shares on Bursa Securities at a price which is not more than 15% above the weighted average market price ("WAMP") of AAGB Shares for the five (5) Market Days immediately before the date of any purchase(s).

In addition, pursuant to Paragraph 12.18 of the Listing Requirements, in the case of a resale or transfer of treasury shares, our Company may only resell treasury shares on Bursa Securities or transfer treasury shares pursuant to Section 127(7) of the Act, at:

- (a) a price which is not less than the WAMP of AAGB Shares for the five (5) Market Days immediately before the resale; or
- (b) a discounted price of not more than five per cent (5%) to the WAMP of AAGB Shares for the five (5) Market Days immediately before the resale or transfer provided that:
  - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of AAGB Shares being resold or transferred.

## 2.4 Treatment of Purchased Shares

Pursuant to Section 127 of the Act, our Directors may deal with the Purchased Shares in the following manner:

- (a) to cancel all or part of the Purchased Shares;
- (b) to retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (c) to distribute all or part of the treasury shares as dividends to you as shareholders of our Company;
- (d) to resell all or part of the treasury shares in accordance with the Listing Requirements;
- (e) to transfer all or part of the treasury shares for the purposes of the employees' share scheme established by our Company and/or our subsidiaries;
- (f) to transfer all or part of the treasury shares as purchase consideration;
- (g) to sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- (h) to deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

It is the present intention of your Board to retain the Purchased Shares as treasury shares and subsequently resell them on Bursa Securities if the opportunity arises for our Company to realise gains from the resale on Bursa Securities. However, your Board may distribute the Purchased Shares as share dividends, which will depend on the availability of, amongst others, the retained earnings of our Company, transfer or cancel the Purchased Shares if your Board decides to change the capital structure of our Company.

In the event the Purchased Shares are held as treasury shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise, would be suspended and the treasury shares would not be taken into account in calculating the number of percentage of Shares, or of a class of AAGB Shares for any purposes including without limiting the generality of the provision of Section 127 of the Act, the provisions of any law or the requirements of the Company's Constitution or the Listing Requirements on the substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the results of a vote on resolution(s) at meetings.

An appropriate announcement will be made to Bursa Securities in respect of the intention of our Directors to either retain the Purchased Shares as treasury shares or cancel them or a combination of both following any transaction(s) executed pursuant to the authority granted

under the Proposed Share Buy-Back. An immediate announcement will also be made to Bursa Securities on any resale or transfer of Purchased Shares.

The Proposed Share Buy-Back and/or the resale of treasury shares and/or transfer of treasury shares is however subject to compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities at the time of the purchase and/or resale and/or transfer.

## **2.5 Public shareholding spread**

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the point of purchase including compliance with the 25% shareholding spread in the hands of public shareholders as required under Paragraph 8.02(1) of the Listing Requirements.

As at the LPD, the Record of Depositors of our Company showed 2,261,743,500 Shares, representing 67.68% of our total number of issued Shares were held in the hands of public shareholders. We will endeavour to ensure that the Proposed Share Buy-Back will not breach Paragraph 12.14 of the Listing Requirements, which states that a listed company must not purchase its own shares on Bursa Securities if the purchase(s) will result in the listed corporation being in breach of the public shareholding spread requirements as set out under Paragraph 8.02(1) of the Listing Requirements.

## **2.6 Implications of the Code**

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory general offer under the Code by any of our Company's substantial shareholders and/or persons acting in concert with them, your Board will ensure that such number of Shares are purchased, retained as treasury shares, cancelled or distributed such that the Proposed Share Buy-Back would not result in the triggering of any mandatory offer obligation on the part of our Company's substantial shareholders and/or persons acting in concert with them. In this connection, your Board is mindful of the requirements when making any purchase of our Shares pursuant to the Proposed Share Buy-Back.

## **2.7 Details of purchase of shares and resale, transfer and/or cancellation of treasury shares in the previous twelve (12) months**

There have not been any purchase of shares and resale, transfer and/or cancellation of treasury shares of our Company in the previous twelve (12) months preceding the date of this Statement and up to the LPD. As at the date of this Statement, our Company does not hold any treasury shares.

## **3. RATIONALE OF THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back, if implemented, will enable our Company to utilise our surplus financial resources, which are not immediately required for other uses, to purchase our own Shares from the Main Market of Bursa Securities. The Proposed Share Buy-Back may assist in stabilising the supply and demand as well as the market price of AAGB Shares and to prevent against speculation of AAGB Shares, when undervalued, to enhance investors' confidence.

Other things being equal, the Proposed Share Buy-Back, regardless of whether the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of Shares being used for the purposes of computing the EPS. Therefore, the Proposed Share Buy-Back will improve the EPS of our Company, which in turn is expected to have a positive impact on the market price of our Company.

The Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total number of issued Shares of our Company. Should any treasury shares be distributed as share dividends,

this would serve to reward you as shareholders of our Company, or transferred for purposes of or under an employees' share scheme established by our Company and/or our subsidiaries, or as purchase consideration.

The Proposed Share Buy-Back is not expected to cause any potential material disadvantages to our Group and it will be implemented only after due consideration of the financial resources of our Group and the resultant impact on the shareholders of our Company. Your Board, in undertaking the Proposed Share Buy-Back, will be mindful of the interests of our Company and its shareholders.

#### **4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK**

The potential advantages of the Proposed Share Buy-Back, if implemented, are as follows:

- (a) Where the Directors resolve to retain the Purchased Shares as treasury shares and/or cancel the Shares so purchased, our Company expects to enhance the EPS of our Group as a result of the reduction in the total number of issued Shares of our Company thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in our Company.
- (b) As permitted under Section 127 of the Act, where Purchased Shares are retained as treasury shares, it will provide our Company with opportunities for potential gain if the Purchased Shares which are retained as treasury shares are resold at a higher price and it will also serve to reward our shareholders if the Purchased Shares which are retained as treasury shares are distributed as share dividends.
- (c) Our Company may be able to reduce any unwarranted volatility of our Shares and assist to stabilise the supply and demand of our Shares traded on the open market of Bursa Securities, and reduce the volatility of the price of our Shares. The stability of the price of our Shares is important to maintain and/or enhance investors' confidence.
- (d) It will allow our Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity.

The potential disadvantages of the Proposed Share Buy-Back, if implemented, are as follows:

- (a) The Proposed Share Buy-Back will reduce the available cash of our Group and may result in our Group foregoing better investment opportunities that may emerge in the future or, at least, deprive our Group of interest income that can be derived from the funds utilised for the Proposed Share Buy-Back.
- (b) The Proposed Share Buy-Back will reduce the available cash of our Group for distribution to you in the immediate future.
- (c) In the event that the Proposed Share Buy-Back is funded by bank borrowings, our Company would have to service the interest costs associated with bank borrowings, thereby reducing the available cash of our Company to the extent of such interest costs.

However, these disadvantages are mitigated by the prospect that the financial capacity of our Group may increase, if the Purchased Shares held as treasury shares are resold at higher price than their purchase price.

The Proposed Share Buy-Back is not expected to cause any potential material disadvantage to our Company or to you as any share buy-back exercise will be undertaken only after in-depth consideration of the financial resources of our Company and of the resultant impact to you. Our Directors, in exercising any decision on the Proposed Share Buy-Back, will be mindful of the interest of our Company and its shareholders.

## 5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

### 5.1 Share capital

The proforma effects of the Proposed Share Buy-Back on the total number of issued Shares of our Company are as follows:

	<u>No. of AAGB Shares</u>
Total number of issued Shares as at the LPD	3,341,974,082
Assuming the Purchased Shares are cancelled*	(334,197,408)
<b>Resultant total number of issued Shares</b>	<b><u>3,007,776,674</u></b>

**Note:**

\* Assuming up to ten per cent (10%) of the total number of issued Shares of our Company as at LPD are purchased under the Proposed Share Buy-Back and subsequently cancelled.

The proforma effects of the Proposed Share Buy-Back on the resultant total number of issued Shares of our Company will depend on the treatment of the Purchased Shares, whether the Purchased Shares are cancelled, retained as treasury shares, resold on Bursa Securities, distributed as share dividends, or transferred for purposes of or under an employees' share scheme established by our Company and/or our subsidiaries or as purchase consideration.

The above illustration assumes that the Purchased Shares are cancelled. Nevertheless, if the Purchased Shares are retained as treasury shares, resold, distributed to you or transferred for purposes of or under an employees' share scheme or as purchase consideration, the Proposed Share Buy-Back will have no effect on the total number of issued Shares of our Company.

### 5.2 Directors', Major Shareholders' and substantial shareholders' shareholdings

The proforma effects of the Proposed Share Buy-Back on our Directors', Major Shareholders' and substantial shareholders' shareholdings are as follows:

	Existing as at the LPD				After the Proposed Share Buy-Back*			
	Direct		Indirect		Direct		Indirect	
	No. of AAGB Shares ('000)	%	No. of AAGB Shares ('000)	%	No. of AAGB Shares ('000)	%	No. of AAGB Shares ('000)	%
<u>Directors</u>								
Datuk Kamarudin	2,000	0.06	(1)1,075,485	32.18	2,000	0.07	(1)1,075,485	35.76
Tan Sri Tony Fernandes	1,600	0.05	(1)1,075,485	32.18	1,600	0.05	(1)1,075,485	35.76
Dato' Mohamed Khadar bin Merican	200	0.01	-	-	200	0.01	-	-
Stuart L Dean	40	#	-	-	40	#	-	-
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	30	#	-	-	30	#	-	-
Dato' Fam Lee Ee	-	-	-	-	-	-	-	-
Noor Neelofa binti Mohd Noor	-	-	-	-	-	-	-	-

	Existing as at the LPD				After the Proposed Share Buy-Back*			
	Direct		Indirect		Direct		Indirect	
	No. of AAGB Shares (‘000)	%	No. of AAGB Shares (‘000)	%	No. of AAGB Shares (‘000)	%	No. of AAGB Shares (‘000)	%
<u>Major Shareholders</u>								
Datuk Kamarudin	2,000	0.06	<sup>(1)</sup> 1,075,485	32.18	2,000	0.07	<sup>(1)</sup> 1,075,485	35.76
Tan Sri Tony Fernandes	1,600	0.05	<sup>(1)</sup> 1,075,485	32.18	1,600	0.05	<sup>(1)</sup> 1,075,485	35.76
Tune Live	559,000	16.73	-	-	559,000	18.59	-	-
Tune Air	516,485	15.45	-	-	516,485	17.17	-	-
<u>Substantial shareholder</u>								
Employees Provident Fund Board	187,981	5.63	-	-	187,981	6.25	-	-

**Notes:**

\* Assuming up to ten per cent (10%) of the total number of issued Shares of our Company as at LPD are purchased under the Proposed Share Buy-Back and subsequently cancelled or retained as treasury shares, and there is no change in Shares held by our Directors, Major Shareholders, substantial shareholder and Persons Connected to our Directors and/or Major Shareholders.

# Negligible.

(1) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Tune Air and Tune Live.

### 5.3 NA and working capital

The effect of the Proposed Share Buy-Back on the NA of our Group will depend on the actual number of and prices paid for the Purchased Shares, the effective funding cost to our Group to finance the purchase of such Shares, or any loss in interest income to our Group, and whether the Purchased Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to you.

If all Purchased Shares are cancelled, the NA of our Group would decrease if the purchase price per Purchased Share is more than the NA per Share at the relevant point in time, and vice versa.

The NA of our Group would decrease if the Purchased Shares are retained as treasury shares, due to the requirement for treasury shares to be carried at cost and be offset against equity.

If the treasury shares are resold on Bursa Securities, the NA of our Group would increase if our Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of our Group would decrease by the cost of the treasury shares.

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and available cash of our Group, the quantum of which will depend on, among others, the number of Purchased Shares and the purchase price(s) of the Purchased Shares.

For Purchased Shares which are kept as treasury shares, upon their resale, the working capital and available cash of our Group will increase upon the receipt of the proceeds from the resale. The quantum of the increase in the working capital and available cash will depend on the actual selling prices(s) of the treasury shares and the number of treasury shares resold.

## 5.4 Gearing

The effects of the Proposed Share Buy-Back on the gearing of our Group will depend on the proportion of borrowing utilised to fund any purchase of the Purchased Shares. At this juncture, we have not determined whether to use any form of borrowings for purposes of the Proposed Share Buy-Back.

## 5.5 EPS

The Proposed Share Buy-Back may increase or reduce the EPS of the Group, depending on the number of and prices paid for the Purchased Shares, the effective funding cost to our Company to finance the purchase of such Shares, or any loss in interest income to our Company or opportunity cost in relation to other investment opportunities.

Nevertheless, all else being equal, assuming that the treasury shares are retained by our Company, the Proposed Share Buy-Back is expected to increase the EPS of our Group as the treasury shares held by our Company will not be taken into account in calculating the total number of AAGB Shares in issue.

Assuming that the Purchased Shares are retained as treasury shares and subsequently resold, the extent of the effects on the earnings of our Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or the interest cost savings arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back will increase the EPS of our Group provided the income forgone and interest expense incurred on the Purchased Shares are less than the EPS before the share purchase.

## 6. APPROVALS REQUIRED

The Proposed Share Buy-Back is subject to and conditional upon your approval at our forthcoming AGM.

The Proposed Share Buy-Back is not conditional or inter-conditional upon any other corporate exercise being or proposed to be undertaken by our Company.

## 7. SHARE PRICE PERFORMANCE

The monthly highest and lowest prices of AAGB Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	<b>High</b>	<b>Low</b>
	<b>RM</b>	<b>RM</b>
<b>2018</b>		
April	3.97	3.69
May	3.83	3.07
June	3.27	2.99
July	3.56	2.99
August	3.60	3.35
September	3.38	3.00
October	3.12	2.38
November	3.12	2.63



	<u>High</u>	<u>Low</u>
	<b>RM</b>	<b>RM</b>
December	3.12	2.54
<b>2019</b>		
January	3.13	2.91
February	3.29	2.77
March	2.87	2.66

The last transacted price of AAGB Shares as at the LPD was RM2.65 per Share.

*(Source: Bloomberg)*

**8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

None of our Directors, Major Shareholders and/or Persons Connected to them has any interest, direct or indirect in the Proposed Share Buy-Back or proposed resale of treasury shares, if any.

**9. DIRECTORS' STATEMENT AND RECOMMENDATION**

Your Board having considered the Proposed Share Buy-Back is of the view that the Proposed Share Buy-Back is in our Company's best interests.

Accordingly, your Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at our forthcoming AGM.

**10. AGM**

The Second AGM, the extract of the notice of which is set out in this Statement, will be held at CAE Kuala Lumpur Sdn. Bhd., Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Thursday, 27 June 2019 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 Share Buy-Back.

You are entitled to attend and vote at our forthcoming AGM or appoint proxy(ies) to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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 Tuesday, 25 June 2019 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.

**11. FURTHER INFORMATION**

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

This Statement is dated 30 April 2019.

**FURTHER INFORMATION**

**1. RESPONSIBILITY STATEMENT**

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

**2. MATERIAL CONTRACT**

There are no material contracts (not being contracts 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/Statement.

**3. MATERIAL LITIGATION**

As at the date of this Circular/Statement, 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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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 Constitution; and
- (ii) our audited financial statements for the past two (2) FYE 31 December 2017 and 31 December 2018.

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**AIRASIA GROUP BERHAD**

(Company No.: 1244493-V)

(Incorporated in Malaysia under the Companies Act, 2016)

**EXTRACT OF RESOLUTIONS TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING SECOND ANNUAL GENERAL MEETING**

**ORDINARY RESOLUTION 6**

**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 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 30 April 2019 ("**Circular**"), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:
  - (a) necessary for the day-to-day operations;
  - (b) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;
  - (c) undertaken on arm's length basis; and
  - (d) not to the detriment of the minority shareholders of the Company;
- (ii) 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 an ordinary resolution passed at that 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 340(2) of the Companies Act, 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting of the Company,

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 and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Recurrent Related Party Transactions with full powers to assent to any modifications, variations and/or amendments thereto.

**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.”

## **ORDINARY RESOLUTION 7**

### **PROPOSED SHARE BUY-BACK AUTHORITY BY AIRASIA GROUP BERHAD ( “THE COMPANY”)**

**“THAT** subject always to the Companies Act 2016 (**“the Act”**), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) (**“Listing Requirements”**) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

- i. the aggregate number of issued shares in the Company (**“Shares”**) purchased (**“Purchased Shares”**) or held by the Company pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at any point in time; and
- ii. the maximum amount of funds to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the amount of the retained profits of the Company at the time of the purchase,

**“Proposed Share Buy-Back”**).

**THAT** the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company, following at which time the authority shall lapse, unless the authority is renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- c. the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, Constitution of the Company, Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

**THAT** the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares;
- iii. To distribute all or part of the Purchased Shares as dividends to shareholders;
- iv. To resell all or part of the Purchased Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities;
- v. To transfer all or part of the Purchased Shares for the purposes of or under an employees’ share scheme;

- vi. To transfer all or part of the Purchased Shares as purchase consideration; and/or
- vii. In any other manner as may be prescribed by applicable laws and/or regulations and guidelines applied from time to time by Bursa Securities, and/or any other relevant authority for the time being in force,

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and to enter into or execute, on behalf of the Company, any instrument, agreement and/or arrangement with any person, and with full power to assent to any condition, modification, variation and/or amendment as may be imposed by Bursa Securities or any relevant regulatory authority, and/or as may be required in the best interest of the Company and to take all such steps as the Directors may deem fit, necessary and expedient in the best interest of the Company in order to implement, finalise and give full effect to the purchase by the Company of its Shares.”

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**Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty*