

SUBJECT: AIRASIA X BERHAD (“AIRASIA X” OR “THE COMPANY”)
- COMMERCIAL PARTICIPATION AND SERVICES AGREEMENT WITH THINK BIG DIGITAL SDN BHD (“TBD”)

Contents:

1. INTRODUCTION

The Board of Directors of AirAsia X wishes to announce that the Company had on 29 January 2014 entered into a Commercial Participation and Services Agreement (“CPSA” or “the Agreement”) with TBD to collaborate on a business relationship to build and develop an exclusive loyalty marketing tool, BIG Loyalty Program (“BIG”) (“Transaction”).

2. DETAILS OF TBD

TBD, is a company incorporated under the laws of Malaysia and is in the business of administering BIG and is jointly owned by Tune Money International Sdn Bhd (“TMI”) and AirAsia Berhad.

TBD is deemed to be a related party to AirAsia X by virtue of the fact that TBD’s Directors (i.e. Tan Sri Dr. Anthony Francis Fernandes and Mr. Lim Kian Onn) and indirect shareholders (i.e. Tan Sri Dr. Anthony Francis Fernandes, Datuk Kamarudin Bin Meranun and Mr. Lim Kian Onn) are also the Directors and shareholders in AirAsia X. Tan Sri Dr. Anthony Francis Fernandes and Datuk Kamarudin Bin Meranun, via AirAsia Berhad own a total of 50% of the equity stake in TBD and both of them are the Directors and shareholders of AirAsia Berhad. Tan Sri Dr. Anthony Francis Fernandes and Datuk Kamarudin Bin Meranun, via Tune Group Sdn Bhd, own a total of 70% of the equity stake in TMI and Tune Group Sdn Bhd is jointly owned by both of them. Whereas Mr. Lim Kian Onn owns a total of 30% of the equity stake in TMI.

(Tan Sri Dr. Anthony Francis Fernandes, Datuk Kamarudin Bin Meranun and Mr. Lim Kian Onn collectively referred to as “Related Parties”.)

3. SALIENT TERMS OF THE AGREEMENT

3.1 The Agreement shall commence from the date of the Agreement and in effect for a period of five (5) years unless terminated earlier by the parties.

3.2 The Company grants exclusive rights to TBD for the issuance of BIG Points as part of AirAsia X’s loyalty and rewards program to its customers for the entire term of the CPSA. Customers would have access to exclusive BIG Points for redemption.

TBD shall own, manage, operate, administer, market and promote the BIG, and shall operate and make all decisions related to, inter alia, policies, operations, administration of BIG.

TBD shall not participate nor be involved in or partner with any other airline loyalty program save for and unless authorised by AirAsia X in writing.

- 3.3 The estimated total consideration for the Agreement is RM13.02 million for the entire term of the Agreement. This is based on the value of the points to be issued by the Company and redeemed by its customers under the Transaction. The consideration is agreed after negotiations with TBD and based on the mechanism applied on BIG.

4. FINANCIAL EFFECT OF THE AGREEMENT

The Agreement will not create material financial impact in the current financial year nor will it have any effect on the share capital and substantial shareholders' shareholdings of the Company. It is not expected to have material effect on the net assets per share, earnings per share and gearing of the Company for the financial year ending 31 December 2014.

5. FINANCIAL RISKS

The financial risks associated with the Agreement are expected to be minimal as the risks are limited to the total consideration as stated in Section 3 above.

6. RATIONALE FOR THE TRANSACTION

To set out the terms and conditions including the contributions, responsibilities and liabilities of the parties as well as the mutual undertakings and co-operation between them for their mutual benefit.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

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

Dato' Fam Lee Ee, a Director of the Company nominated by AirAsia Berhad in the Board of Directors of the Company also abstained from all management and Board of Directors' deliberations in respect of the Agreement.

The Related Parties' direct and indirect shareholdings in the Company as at 30 January 2014 are as set out in the table below:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Tan Sri Dr. Anthony Francis Fernandes	35,223,907	1.5	*1,143,016,016	48.2
Datuk Kamarudin Bin Meranun	66,456,360	2.8	*1,143,016,016	48.2
Mr. Lim Kian Onn	16,170,447	0.68	**600,000	0.03

** Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings of more than 15% in Aero Ventures Sdn Bhd and AirAsia Berhad.*

*** Deemed interest held through his spouse and children.*

Save as disclosed, no other Directors and/or major shareholders of the Company and/or person connected with them have any interest, whether directly or indirectly, in the Agreement.

8. AUDIT COMMITTEE'S OPINION

The Audit Committee having considered all the relevant factors in respect of the Agreement is of the opinion that entering into the Agreement is in the best interest of the Company as the Transaction is entered under fair, reasonable and on normal commercial terms which are not detrimental to the interest of the minority shareholders.

9. BOARD OF DIRECTORS' OPINION

The Directors (other than the Directors who have abstained as stated in Section 7 above) having considered all the relevant factors in respect of the Agreement is of the opinion that entering into the Agreement is in the best interest of the Company.

10. APPROVAL REQUIRED

AirAsia X does not require the approval of its shareholders or any authorities to enter into the Agreement.

11. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest Percentage Ratio applicable to this Transaction pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 2.24%.

12. DOCUMENT AVAILABLE FOR INSPECTION

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

This announcement is dated 30 January 2014.