

# **SALE OF 25% ORDINARY SHARES IN AAE TRAVEL PTE LTD (“JV COMPANY”) BY AIRASIA EXP PTE LTD (“AIRASIA EXP”), A WHOLLY OWNED SUBSIDIARY OF AIRASIA GROUP BERHAD (“AIRASIA” OR “THE COMPANY”) (“TRANSACTION”)**

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### **1. Introduction**

On behalf of the Board of Directors of AirAsia (“Directors”), we wish to announce that AirAsia Exp and AirAsia Berhad (“AAB”) (both wholly owned subsidiary of AirAsia) have executed a Share Purchase Agreement (“SPA”) with Expedia Southeast Asia Pte. Ltd. (“Expedia SEA”) and Expedia Inc (“Expedia”) on 14 August 2018 to sell AirAsia Exp’s entire shareholding in the JV Company which is 6,144,279 ordinary shares constituting approximately 25% of the total issued and outstanding shares to Expedia for a cash consideration sum of USD60,000,000 (or MYR240,000,000 at the exchange rate of USD1.00: MYR4.00) (“Purchase Consideration”), net of the concurrent purchase of AirAsiaGo.com domain names and related assets from the JV Company by Travel360 Sdn Bhd (“Travel360”) (a wholly owned subsidiary of AirAsia). In connection with the SPA, AirAsia Exp, AAB and/or Travel360 have also entered into certain agreements with Expedia, Expedia Inc and/or one minority shareholder of the JV Company, as the case may be:

- (a) Deed of Termination;
- (b) Asset Transfer Agreement;
- (c) Private Label and Co Brand Agreement; and
- (d) Amended and Restated Ticketing Agreement,

(collectively, “Transaction Documents”).

### **2. DETAILS OF THE TRANSACTION**

#### **2.1 Background of the JV Company:**

AAB and Expedia had entered into a Joint Venture Formation Agreement on 29 March 2011 for the purpose of establishing an online travel agency with three main brands namely, AirAsiaGo, GoRooms and Expedia.

The JV Company, which operates a licensed online travel agency in Singapore, was incorporated in Singapore on 3 June 2011 and equally owned by AirAsia Exp and Expedia SEA in 2011.

On 10 March 2015, AirAsia Exp divested 25% shares of the JV Company to Expedia SEA.

#### **2.2 Expedia’s holding in the JV Company**

Expedia currently holds approximately 75% of the JV Company through Expedia SEA, a wholly owned subsidiary of Expedia, incorporated in Singapore.

#### **2.3 Selling Price**

The selling price was arrived at on a willing-buyer willing-seller basis after taking into consideration profit after tax (“PAT”) for the year ended 31 December 2017.

### **3. UTILISATION OF PROCEEDS:**

The proceeds of the sale will form part of AirAsia’s working capital.

#### 4. SALIENT TERMS OF THE SPA

(a) Purchase Consideration

AirAsia Exp has agreed to sell and Expedia SEA has agreed to purchase the ordinary shares of 25% (6,144,279 ordinary shares) currently held by AirAsia Exp for a cash consideration of USD60,000,000, net of the concurrent purchase of AirAsiaGo.com domain names and related assets from the JV Company by Travel360.

(b) Conditions to Purchase

The purchase of ordinary shares by Expedia is subject to the following conditions:

- (i) Execution of Deed of Termination by AirAsia, AirAsia Exp Pte. Ltd., AirAsia Inc., each of AirAsia's affiliates (AOCs) and one minority shareholder of JV Company, whereby some or all of the provisions of the agreements entered pursuant to joint venture will be terminated;
- (ii) Execution of Asset Transfer Agreement by AirAsia and Travel360, whereby the JV Company will transfer its right, title and interest in and to certain assets related to the AirAsiaGo business and brand to Travel360;
- (iii) Execution of Private Label and Co-Brand Agreement by Travel360, whereby Expedia will provide certain private label services in respect of the AirAsiaGo business to AAB;
- (iv) Execution of Amended and Restated Ticketing Agreements by AAB and AOCs, whereby the existing ticketing agreements entered by AAB and AOCs will be amended; and
- (v) Resignation of AirAsia's nominated director in the JV Company.

#### 5. RATIONALE FOR THE TRANSACTION

AirAsia's rationale for the Transaction is to monetise its investment in the JV Company and to increase the group's working capital.

#### 6. FINANCIAL EFFECT AND RISK FACTORS OF THE TRANSACTION

This Transaction is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholding of AirAsia. It shall result in the Company realising gain on disposal of MYR230.4 million in Q3 2018. The net assets and cash balance of the Company shall increase by MYR230.4 million and MYR245.5 million respectively.

Whereas total gain of MYR181.6 million will be recognised at group consolidated level.

The Directors do not foresee any additional material risk in relation to the Transaction.

#### 7. APPROVAL REQUIRED

The value of the Transaction would not breach the 25% percentage ratio as prescribed under the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR"). As such, the Company does not require the approval of its shareholders.

The Transaction is not subject to the approval of any government authorities.

## **8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors and/or major shareholders of AirAsia and/or persons connected with them have any interest, whether directly and indirectly, in the Transaction.

## **9. STATEMENT BY THE DIRECTORS**

The Directors having considered the rationale for the Transaction and after careful consideration, are of the opinion that the Transaction is in the best interest of AirAsia and its shareholders.

## **10. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE DIVESTMENT**

The highest percentage ratio applicable to the Transaction pursuant to paragraph 10.02(g) of the MMLR is 3.05 %.

## **11. COMPLETION OF THE TRANSACTION**

The Transaction is completed on 14 August 2018.

This announcement is dated 14 August 2018.