

Bursa Announcement

Subject : Away Shirt Sponsorship of Queens Park Rangers Football Club by AirAsia Berhad

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1. Introduction

AirAsia Berhad (“AirAsia” or “the Company”) is pleased to announce that it has today signed a term sheet (“Term Sheet”) with an intention of signing a formal agreement by the 30th day of September 2011 (“Agreement”) with QPR Holdings Limited, the parent company of Queens Park Rangers Football Club (“QPR”) for the sponsorship of the QPR away shirt in the Barclays Premier League (“BPL”) (the “Sponsorship”).

2. Details of QPR

2.1 QPR is an English professional football club, based in Shepherd's Bush, Hammersmith and Fulham, West London. As the 2010-11 Football League Championship champions, they now play in the top tier of English football, the BPL.

2.2 QPR’s past honours include winning the League Cup in 1967, being runners-up in the old First Division in 1975–76 and reaching the final of the FA Cup in 1982.

2.3 Tan Sri Dr. Anthony Francis Fernandes and Dato’ Kamarudin Bin Meranun (“the Related Parties”), who are directors and major shareholders of the Company, also collectively own a 75% shareholding in Tune QPR Sdn Bhd, which in turn owns a 66.02% shareholding in QPR Holdings Limited. Tan Sri Dr. Anthony Francis Fernandes is also currently the chairman of QPR.

3. Salient terms of the Sponsorship

3.1 Pursuant to the Term Sheet, the parties shall sign the Agreement by the 30th day of September 2011 and the Agreement shall be for a term of two (2) years (“Term”).

3.2 The Company shall pay QPR a sum of GBP 500,000 as sponsorship fees for the duration of the Term.

3.3 In consideration of this sum, the Company shall receive among others:

- the rights to be the official “Away Shirt” sponsor of QPR;
- the designation of “Official Partner of QPR” for advertising and promotional purposes;
- the license to use QPR Intellectual Property for advertising and promotional purposes;
- LED, static board and interview backdrop signage at the QPR Loftus Road Stadium;
- the rights to advertise at the QPR Loftus Road Stadium on Match Days;
- advertising in QPR Official Match Programme and other QPR publications;
- Home and Away game Tickets and Hospitality benefits; and
- Access Rights, including to QPR Loftus Road stadium and training ground for promotional purposes, squad photo shoot sessions and signed QPR merchandise.

4. Rationale for entering into the Agreement

a) Brand Elevation

As football is the top global spectator sport and the BPL having a large following in Asia, AirAsia sees that the association with the sport of football will further elevate its brand.

AirAsia has addressed a segment of customers via the Team Lotus (Formula 1) sponsorship and the Company feels that it is time to drive mass market appeal to all walks of life via football. The association with QPR and the BPL will greatly elevate the brand to a higher level of prestige.

b) Consumer engagement & brand loyalty

As an Official QPR sponsor, the Company will be able to communicate and engage with fans through various platforms including new and social media to create loyalty through campaigns and on ground activities.

The partnership can be expected to create brand loyalty within ASEAN and in Europe, where a large football following exists.

c) Branding Rights and Merchandising

The branding rights through logo placement on the "Away" shirt, the primary and secondary boards, the interview backdrops, the stadium access areas and matchday advertising together with the use of the name, fame and imagery of QPR for promotional purposes in all media worldwide and the use of the 'Official Partner Logo' of QPR will enable AirAsia to develop a marketing and branding association with the BPL and QPR.

The association will enable AirAsia to develop a specialised co-branded merchandising sales with the QPR brand.

d) Added PR Exposure

The Company's involvement with the most popular sport in the world and the most watched football league in Asia will generate significant local interest and will provide the Company with exposure and continued support of the Company's initiatives throughout the year through their media platforms.

5. Financial effect of the Agreement

This Agreement will not create any 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 also not expected to have a material effect on the net assets per share, earnings per share and gearing of AirAsia for this financial year ending 31st December 2011.

6. Financial Risks

The financial risks associated with the Agreement are expected to be minimal as the risks are limited to the sponsorship fee stated above.

7. Directors' and major shareholders' interests

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

The Related Parties' direct and indirect shareholdings in the Company as at 12th September 2011 are as set out in the table below.

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dr Anthony Francis Fernandes	2,627,010	0.10	*362,957,782	13.07
Dato' Kamarudin bin Meranun	1,692,900	0.06	*362,957,782	13.07

Note:

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

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

8. Audit Committees' 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 into on an arm's length basis and is fair, reasonable and on commercial terms which are not detrimental to the interest of the minority shareholders, due to the reasons stated in the rationale above.

9. Directors' opinion

Save for the above interested directors (who had abstained from all deliberations), the Board 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. Highest Percentage Ratio

The highest percentage ratio applicable to this transaction is 0.07% and the highest aggregated percentage ratio for all the transactions between the Company and the Related Parties and/or persons connected with them pursuant to Paragraph 10.12(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 1.64%.

11. Total Amount Transacted for the preceding 12 months

The total amount transacted between the Company and the Related Parties and /or persons connected with them for the preceding twelve (12) months was RM 58,362,938.10.

12. Approval required

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

13. Document available for inspection

The Term Sheet is available for inspection at the registered office of the Company at 25-5, Block H, Jalan PJU 1/37, 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 12th day of September, 2011.