

MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

Focus Malaysia – Monday February 3, 2020 (A) – Part 1

AirAsia needs to clarify role in RM205 mil graft case, says MSWG

Emmanuel Samarathisa | 4 hours ago | Featured, Mainstream, Top



THE Minority Shareholders Watch Group (MSWG) wants the board of low-cost carrier AirAsia Group Bhd to further clarify the role of the company’s executives in accepting a RM205 mil bribe from European planemaker Airbus SE.

“It must be remembered that perceptions shape reality,” MSWG CEO Devanesan Evanson tells *FocusM*. “The board which consists of seasoned corporate leaders, if aware of this unholy alliance, should have acted earlier to avoid such unfavourable perceptions.”

Citing UK court documents, *FocusM* reported on Feb 1 that directors and/or employees of the low-cost carrier and its long-haul arm AirAsia X Bhd (AAX) were allegedly the recipients of a US\$50 mil (RM205 mil) bribe from Airbus.

According to British prosecutors, Airbus paid the sum to sponsor a sports team jointly owned by two unnamed AirAsia executives in Malaysia. Airbus allegedly made the payment to secure an order for 180 aircraft.

The documents also said Airbus employees also attempted to pay an additional US\$55 mil to the directors and/or employees of AirAsia and AAX but were prevented by an October 2014 freeze on payments to agents and intermediaries.

Reports say this is related to Caterham F1 whose owners were AirAsia group CEO Tan Sri Tony Fernandes and executive chairman Datuk Kamarudin Meranun.

Evanson said there were ambiguities with AirAsia’s announcement on Bursa Malaysia today (Feb 3) and urged AirAsia to provide “further clarification” on the matter.

The first point, he says, revolves around the allegation that AirAsia’s agreement with Airbus for a fleet of aircraft were improperly linked to sponsorship by Airbus of a sports team jointly owned by AirAsia executives.

AirAsia defended the charge, saying its own sponsorship of the sports team went through

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robust checks and balances and that Airbus’ involvement benefited the European company through branding, among others.

But “it seems to be such an uncanny coincidence that Airbus ended up sponsoring a sports team which is owned by AirAsia executives. The board, if aware, should disclose the names of the sports team alluded to and the names of the AirAsia executives in the interest of transparency,” Evanson says.

As the onus is on the owners themselves to financially support their sports team, he adds, “getting a supplier of a PLC to support the sports team which was legally unrelated to both airlines is tantamount to these individual owners getting a ‘gratification’ or benefit-in-kind from the sponsor.”

The second point, says Evanson, is about the announcement that states, “AirAsia is deeply concerned that these allegations will have an adverse and negative impact on the AirAsia brand, reputation and goodwill.”

The board, he adds, has to react assertively to address the allegations as they are “deeply concerned”. Measures include an “assessment of the need to set up an independent investigation committee to address the allegations”, Evanson says.

AirAsia and AAX are now subject to public and regulatory scrutiny. The Malaysian Aviation Commission (Mavcom) had said in a Feb 3 statement that it would review whether there had been any contravention of its regulations and guidelines following the graft allegations.

Mavcom said AirAsia and AAX, being holders of air service licences issued by the commission, and their key responsible persons, are subject to the Malaysian Aviation Commission Act 2015 (Act 771) and its Guidelines on Fit and Proper Person.

“The allegations touch on the jurisdictions of multiple agencies in Malaysia and therefore the commission will cooperate and work with all relevant authorities on this matter,” it added.

The Malaysian Anti-Corruption Commission (MACC) as well as Securities Commission Malaysia have also launched independent investigations into the case.

AirAsia and AAX shares closed down 10.49% and 7.69% to RM1.28 and 12 sen, respectively, on Feb 3. The benchmark FBM KLCI, however, was only down 0.6% to close at 1,521.95 points. – Feb 3, 2020