

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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AIRASIA BERHAD

(Company No.: 284669-W)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE")**

Manager



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of our Extraordinary General Meeting ("**EGM**") which will be held at AirAsia Academy, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Thursday, 21 June 2012 at 12.00 noon or immediately following the conclusion or any adjournment thereof (as the case may be) of our Nineteenth Annual General Meeting ("**AGM**"), which will be held at the same venue and on the same day at 10.00 a.m., whichever is later, together with the Form of Proxy are set out in this Circular.

You are entitled to attend and vote at our EGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at 25-5, Block H, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not later than 48 hours before the date and time fixed for our EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Tuesday, 19 June 2012 at 12.00 noon
Date and time of EGM : Thursday, 21 June 2012 at 12.00 noon, or immediately following the conclusion or adjournment (as the case may be) of the 19th AGM to be held at 10.00 a.m., on the same day and at the same venue, whichever is later

This Circular is dated 7 June 2012

DEFINITIONS

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

AAX	: AirAsia X Sdn Bhd (Company No.: 734161-K)
Act	: Companies Act, 1965 and any statutory modifications or amendments thereto
Aero Ventures	: Aero Ventures Sdn Bhd (Company No.: 745388-D)
AGM	: Annual General Meeting
AirAsia or our Company	: AirAsia Berhad (Company No.: 284669-W)
AirAsia Group or our Group	: AirAsia and our subsidiaries
Board	: Our Board of Directors
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No.: 635998-W)
Caterham F1	: 1Malaysia Racing Team Sdn Bhd (Company No.: 821111-V)
Circular	: This Circular dated 7 June 2012
Dato' Kamarudin	: Dato' Kamarudin bin Meranun
Director(s)	: Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, is a director or chief executive of our Company, our subsidiary or holding company
EGM	: Extraordinary general meeting
EPS	: Earnings per Share
F1	: Formula 1
FYE	: Financial year(s) ended/ending 31 December, as the case may be
HOD	: Head of department
Listing Requirements	: The Main Market Listing Requirements of Bursa Securities, including any amendments thereto from time to time.
LPD	: 18 May 2012, being the last practicable date prior to the printing of this Circular

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DEFINITIONS (Cont'd)

Major Shareholder(s)	: A person who within the preceding 6 months of the date on which the terms of the transaction were agreed upon, has or had an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation. For the purpose of this definition, “interests in shares” has the meaning given in Section 6A of the Act. For the purpose of the Proposed RRPT Mandate, a major shareholder includes any person who is or was within the preceding 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.
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
OCA	: Oriental Capital Assurance Berhad (Company No.: 30686-K)
Person(s) Connected	: Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements
Proposed RRPT Mandate	: Proposed shareholders’ mandate for RRPTs as set out in Section 2.3 of this Circular
QPR	: Queens Park Rangers Football Club
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)
Related Party(ies)	: Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)
RHB Investment Bank	: RHB Investment Bank Berhad
Share(s)	: Ordinary share(s) of RM0.10 each in our Company
Tan Sri Dr. Tony Fernandes	: Tan Sri Dr. Anthony Francis Fernandes
TIH	: Tune Ins Holdings Sdn Bhd (Company No.: 948454-K)
Transacting Party(ies)	: A party which our Company has entered or may enter into a RRPT under the Proposed RRPT Mandate
Tune Air	: Tune Air Sdn Bhd (Company No.: 548526-V)
Tune Money	: Tune Money Sdn Bhd (Company No.: 719679-A)
Tune QPR	: Tune QPR Sdn Bhd (Company No.: 955642-H)

DEFINITIONS (*Cont'd*)

Tune Ventures : Tune Ventures Sdn Bhd (Company No.: 727423-U)

Currencies

GBP : Great Britain Pounds

RM and sen : Ringgit Malaysia and sen respectively

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

All references to “**you**” in this Circular are to the shareholders of our Company who are entitled to attend and vote at our forthcoming EGM and whose names are in our Record of Depositors at 5.00 p.m. on 14 June 2012.

For illustration purposes only, the exchange rate of GBP1 = RM4.96 has been used throughout this Circular, unless otherwise stated.

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AIRASIA BERHAD
(Company No. 284669-W)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

25-5 Block H
Jalan PJU 1/37
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

7 June 2012

Board of Directors:

Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar (*Non Independent Non-Executive Chairman*)
Tan Sri Dr. Anthony Francis Fernandes (*Group Chief Executive Officer*)
Dato' Kamarudin bin Meranun (*Deputy Group Chief Executive Officer & President of Group Finance, Treasury, Corporate Finance and Legal*)
Conor Mc Carthy (*Non-Executive Director*)
Dato' Leong Sonny @ Leong Khee Seong (*Independent Non-Executive Director*)
Dato' Fam Lee Ee (*Independent Non-Executive Director*)
Dato' Mohamed Khadar bin Merican (*Independent Non-Executive Director*)
Datuk Mohd Omar bin Mustapha (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

Your Board had on 23 May 2012 announced our intention to seek your approval at our forthcoming EGM to enter into RRPTs.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED RRPT MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AT OUR FORTHCOMING EGM, NOTICE OF WHICH IS ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ THIS CIRCULAR TOGETHER WITH THE APPENDIX CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RRPT MANDATE.

2. PROPOSED RRPT MANDATE

2.1 Details of the Proposed RRPT 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 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 aggregated value of transactions conducted pursuant to your mandate during the financial year where the aggregated 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 equal to or exceeds RM1 million; or
 - (ii) the percentage ratio of such transaction is equal to or exceeds 1%;whichever is the higher;
- (c) this Circular includes the information as may be prescribed by Bursa Securities. The draft Circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain your mandate, the interested Related Party(ies) must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that Person(s) Connected to them abstain from voting on the resolution(s) approving the transactions;
- (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 its 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.

2.2 Principal activities of our Group

Our Company is principally providing air transportation services and an investment holding company while the principal activities of our subsidiaries includes the provision of insurance services, the provision of financing and leasing arrangements and others.

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2.3 Details of RRPTs and the Related Parties

The details of the RRPTs entered or to be entered into by our Company with the Transacting Parties under the Proposed RRPT Mandate are as follows:

	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 21 June 2012 to the next AGM (RM)
Revenue/income				
1.	AAX	Provision of the following range of services by our Company to AAX: <ul style="list-style-type: none"> (a) AirAsia travel insurance (b) Commercial <ul style="list-style-type: none"> - Sales and distribution - Sales support - Provision of sales offices, airport sales counter and use of our Company's authorised travel agents - Payment channel and E-Channel - Branding and Creative <ul style="list-style-type: none"> • Protection of brand to ensure proper public perception is built • Manage communication imagery, sponsorships (e.g. sports and youth marketing) and commercial branding • Creative includes graphic designs supporting branding activities - Manage, plan, build and develop airasia.com website (c) Innovation, Commercial and Technology <ul style="list-style-type: none"> - Involves all services related to information technology (d) Treasury <ul style="list-style-type: none"> - Fuel procurement - Fuel hedging (e) Audit and consulting services <ul style="list-style-type: none"> - Credit card fraud control unit - Internal audit - Corporate integrity (f) Security services (g) Ad-Hoc engineering services (h) Flight operations – pilot support 	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes ⁽¹⁾ Dato' Kamarudin ⁽²⁾ Interested Major Shareholder Tune Air ⁽³⁾	9,129,618
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	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes ⁽¹⁾ Dato' Kamarudin ⁽²⁾ Interested Major Shareholder Tune Air ⁽³⁾	10,053,090

	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Estimated value from 21 June 2012 to the next AGM (RM)
3.	TIH	Provision of the right to access our Company's customer database by our Company to TIH to conduct telesales marketing on TIH's and/or third party insurance products and the provision of management services by TIH to our Company's travel insurance business	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes ⁽¹⁾ Dato' Kamarudin ⁽²⁾	961,320
4.	OCA	Provision of travel insurance to our customers for journeys originated from Malaysia resulting in underwriting commission received by TIH through OCA upon successful completion of TIH's proposed acquisition of OCA	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes ⁽⁴⁾ Dato' Kamarudin ⁽⁴⁾	14,763,325
5.	Tune Money	Selling of loyalty points to Think Big Digital Sdn Bhd, a joint venture company equally held by our Company and Tune Money, to operate and manage a loyalty program branded as the BIG Loyalty Program	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes ⁽¹⁾ Dato' Kamarudin ⁽²⁾	15,795,856
Expense				
6.	Caterham F1	Provision of sponsorship by our Company to Caterham F1 for the duration of the 2012 F1 racing season and the Caterham F1 Driver Development Program	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes ⁽¹⁾ Dato' Kamarudin ⁽²⁾	GBP1,200,000/ RM5,952,000
7.	QPR Holdings Limited	Provision of full shirt sponsorship by our Company to QPR in the Barclays Premier League	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes ⁽¹⁾ Dato' Kamarudin ⁽²⁾	GBP3,000,000/ RM14,880,000

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Notes:

- (1) *Tan Sri Dr. 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 LPD, the directorship and direct and indirect shareholdings of Tan Sri Dr. Tony Fernandes in the Transacting Parties are as follows:

	<----- Direct ----->		<----- Indirect ----->		Directorship
	No. of Shares	%	No. of Shares	%	
AAX	-	-	139,292,800	62.18*	✓
Caterham FI	34	34.00	-	-	✓
QPR Holdings Limited	-	-	2,046,153,209	66.02 [#]	✓
TIH	-	-	14,238,508	100.00 [^]	-
Tune Money [~]	1,905,036	7.06	12,460,450	46.15 [@]	✓

* Deemed interested via his interest in Aero Ventures, being the Major Shareholder of AAX pursuant to Section 6A of the Act.

Deemed interested via his interest in Tune QPR, being the Major Shareholder of QPR Holdings Limited pursuant to Section 6A of the Act.

[^] Deemed interested via his interest in Tune Money, being the holding company of TIH.

[@] Deemed interested via his interest in Tune Ventures, being the Major Shareholder of Tune Money pursuant to Section 6A of the Act.

[~] Tan Sri Dr. Tony Fernandes also holds 2,458,596 irredeemable convertible preference shares of RM1.00 each in Tune Money

- (2) *Dato' 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 LPD, the directorship and direct and indirect shareholdings of Dato' Kamarudin in the Transacting Parties are as follows:

	<----- Direct ----->		<----- Indirect ----->		Directorship
	No. of Shares	%	No. of Shares	%	
AAX	-	-	139,292,800	62.18*	✓
Caterham FI	33	33.00	-	-	✓
QPR Holdings Limited	-	-	2,046,153,209	66.02 [#]	✓
TIH	-	-	14,238,508	100.00 [^]	-
Tune Money [~]	1,135,714	4.20	12,460,450	46.15 [@]	✓

* Deemed interested via his interest in Aero Ventures, being the Major Shareholder of AAX pursuant to Section 6A of the Act.

Deemed interested via his interest in Tune QPR, being the Major Shareholder of QPR Holdings Limited pursuant to Section 6A of the Act.

[^] Deemed interested via his interest in Tune Money, being the holding company of TIH.

[@] Deemed interested via his interest in Tune Ventures, being the Major Shareholder of Tune Money pursuant to Section 6A of the Act.

[~] Dato' Kamarudin also holds 2,137,010 irredeemable convertible preference shares of RM1.00 each in Tune Money.

- (3) *Tune Air is an interested Major Shareholder by virtue of its shareholdings in our Company (as detailed in Section 7 of this Circular) and also indirectly holds 42,666,667 Redeemable Convertible Preference Shares ("RCPS") of RM1.00 each in AAX via our Company's entire holding of these RCPS.*

- (4) *On 23 April 2012, TIH entered into share sale agreements to acquire 79.84% equity interest in OCA. Upon completion of these acquisitions, Tan Sri Dr. Tony Fernandes and Dato' Kamarudin will be deemed interested via their respective interests in TIH, being the Major Shareholder of OCA pursuant to Section 6A of the Act. Please refer to Notes (1) and (2) above for details of the interest of Tan Sri Dr. Tony Fernandes and Dato' Kamarudin in TIH.*

2.4 Amounts due and owing to our Company by Related Parties

As at LPD, there are no outstanding amounts due and owing to our Company by Related Parties pursuant to the RRPTs referred to in Section 2.3 of this Circular.

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 EGM 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 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 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.

- (v) The interested Major Shareholder or Person Connected to them must not vote at the EGM 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 2.5 of this Circular and is of the view that the procedures are:

- (i) sufficient to ensure that the RRPTs are 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 are reviewed on an annual basis or whenever the need arises.

2.8 Disclosure of RRPTs

If the Proposed RRPT Mandate is approved, disclosure will be made in our Annual Report and in the Annual Reports for the subsequent years that the Proposed RRPT 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 aggregated value of the RRPTs made during the financial year, amongst 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 RRPT 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 RRPT 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 RRPT is likely to continue in the future on a frequent and recurrent basis from time to time. In addition, these transactions may be constrained by 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 RRPT 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.

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 operations to AAX. This would also provide an additional source of income, which will contribute to our Group's revenue and profitability.
- (b) 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 TIH 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 TIH. TIH 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. TIH 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.
- (c) Through the sponsorship agreements with Caterham F1 and the QPR, our Group is able to gain wider access and attract different segments of customers, with F1 being a high profile and prestigious sport whilst football being the top global spectator sport. Our Group believes that the association with these brands in the sporting arenas of F1 and football will further elevate the AirAsia brand. The AirAsia association would also give added public relations exposure to our Group, generating significant interest, creating brand loyalty and enabling customers to communicate and engage with our Group through various media platforms.

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 RRPT MANDATE

The Proposed RRPT Mandate, if approved at our forthcoming EGM, shall take effect from the date of the passing of the ordinary resolution proposed at our EGM to approve the Proposed RRPT Mandate and is subject to annual renewal. In this respect the Proposed RRPT Mandate shall only continue to be in force until:

- (a) the conclusion of our next AGM following our forthcoming EGM at which such ordinary resolution is passed to effect the Proposed RRPT 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 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) the Proposed RRPT Mandate is revoked or varied by resolution passed by you in a general meeting;

whichever is the earliest.

5. EFFECTS OF THE PROPOSED RRPT MANDATE

The Proposed RRPT 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, gearing, and EPS of our Group.

However, the Proposed RRPT 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 to our Group's financial performance.

6. APPROVALS REQUIRED

The Proposed RRPT Mandate is subject to and conditional upon obtaining your approval at our forthcoming EGM.

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

Save as disclosed below, none of the Directors, Major Shareholders, and/or Persons Connected to them, have any interests, direct or indirect in the Proposed RRPT Mandate:

- (i) Tan Sri Dr. Tony Fernandes, by virtue of his directorship in our Company and a Major Shareholder of our Company and by virtue of his directorship and shareholdings in the Transacting Parties as detailed in the notes of Section 2.3 of this Circular; and
- (ii) Dato' Kamarudin, by virtue of his directorship in our Company and a Major Shareholder of our Company and by virtue of his directorship and shareholdings in the Transacting Parties as listed in the notes of Section 2.3 of this Circular.
- (iii) Tune Air, by virtue of it being a Major Shareholder of our Company and also indirectly holding 42,666,667 RCPS in AAX via our Company's entire holdings of these RCPS.

The shareholdings of the interested Directors and interested Major Shareholders in our Company as at LPD are as follows:

	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors</u>				
Tan Sri Dr. Tony Fernandes	3,227,010	0.12	640,608,382*	23.06
Dato' Kamarudin	1,692,900	0.06	640,608,382*	23.06
<u>Interested Major Shareholder</u>				
Tune Air	640,608,382	23.06	-	-

Note:

- * Deemed interested via their interests in Tune Air, being the Major Shareholder of our Company pursuant to Section 6A of the Act.

Accordingly, the interested Directors have abstained and will continue to abstain from deliberations and voting on the Proposed RRPT Mandate at all your Board's meetings. Further, the interested Directors and Major Shareholders will abstain from voting in respect of their direct and indirect interests, if any, on the resolution pertaining to the Proposed RRPT Mandate at our forthcoming EGM.

In addition, the interested Directors and interested Major Shareholders have undertaken to ensure that Persons Connected to them shall abstain from voting on the resolution pertaining to the Proposed RRPT Mandate at our forthcoming EGM 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 RRPT Mandate, is of the opinion that the Proposed RRPT 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 RRPT Mandate to be tabled at our forthcoming EGM.

9. EGM

An EGM, the notice of which is set out in this Circular, will be held at AirAsia Academy, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia, on Thursday, 21 June 2012 at 12.00 noon or immediately following the conclusion or any adjournment thereof of our 19th AGM, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed RRPT Mandate.

You are entitled to attend and vote at our forthcoming EGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our registered office at 25-5, Block H, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than 48 hours before the time fixed for our EGM or any adjournment thereof. The last date and time for you to lodge the Form of Proxy is on Tuesday, 19 June 2012 at 12.00 noon. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our EGM 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 BERHAD

Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
Non-Independent Non-Executive Chairman

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been reviewed and approved by your Board and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there is no statement or information in this Circular which is false or misleading or any fact the omission of which would make any statement in this Circular false or misleading.

2. CONSENT

RHB Investment Bank has been appointed as Manager for the Proposed RRPT Mandate. As Manager, RHB Investment Bank assisted the Company in the preparation of this Circular. RHB Investment Bank was not involved in any negotiations on the terms and conditions of the RRPTs under the Proposed RRPT Mandate and has not verified the amount and nature of the RRPTs as contained herein.

The written consent of RHB Investment Bank to the inclusion in this Circular of its name and all references in the form and context in which they appear has been given before the issue of this Circular and has not subsequently been withdrawn.

3. MATERIAL CONTRACTS

There are no contracts which are material (not being contracts entered into in the ordinary course of business) that have been entered into by our Company and/or our subsidiaries during the 2 years immediately preceding the date of this Circular:

4. MATERIAL LITIGATION

Neither we nor any of our subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and your Board do not have any knowledge of any material litigation, claim or arbitration pending or threatened against our Company and/or our subsidiaries, any of which might reasonably be expected to have a material or adverse effect on the financial position or business of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at our registered office at 25-5, Block H, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours on Mondays to Fridays (excluding public holidays) from the date of this Circular up to the date of the EGM:

- (i) our Memorandum and Articles of Association;
- (ii) our audited consolidated financial statements for the past two FYE 2011 and the latest unaudited financial statements for the 3-month financial period ended 31 March 2012; and
- (iii) the letter of consent referred to in Section 2 of this Appendix.



AIRASIA BERHAD

(Company No. 284669-W)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of AirAsia Berhad (“AirAsia” or “Company”) will be held at AirAsia Academy, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Thursday, 21 June 2012 at 12.00 noon or immediately following the conclusion or adjournment (as the case may be) of the Nineteenth Annual General Meeting (“AGM”) of the Company, which will be held at the same venue and on the same day at 10.00 a.m., whichever is later, for the purpose of considering, and if thought fit, to pass the following resolution with or without modification:

ORDINARY RESOLUTION 1

PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“THAT approval be and is hereby given to 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 7 June 2012 (“the Circular”), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm’s length basis and on normal commercial terms which are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the annual report of the breakdown of the aggregated value of the Recurrent Related Party Transactions conducted pursuant to the shareholders’ mandate during the financial year, amongst others, based on the following information:
 - (a) the type of Recurrent Related Party Transactions made; and
 - (b) the names of the related parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the Company;
- (iii) 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 AGM of the Company following the EGM at which this shareholders’ mandate is approved, at which time it will lapse, unless by a resolution passed at the next 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 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

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 as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

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 2.5 of the Circular.”

BY ORDER OF THE BOARD

Jasmindar Kaur a/p Sarban Singh (MAICSA 7002687)
Company Secretary
Selangor Darul Ehsan

7 June 2012

Notes:

- a. *Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Articles of Association, only those Foreigners (as defined in the Articles) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued and paid-up capital, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Extraordinary General Meeting, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the forthcoming Extraordinary General Meeting.*
- b. *A member must be registered in the Record of Depositors at 5.00 p.m. on 14 June 2012 (“General Meeting Record of Depositors”) in order to attend and vote at the Meeting. A depositor shall not be regarded as a Member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.*
- c. *A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).*
- d. *The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
- e. *Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
- f. *Main Market Listing Requirements of Bursa Malaysia Securities Berhad permit that where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- g. *The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited 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 not less than forty-eight (48) hours before the time set for holding the meeting. **Faxed copies of the duly executed form of proxy are not acceptable.***



AIRASIA BERHAD

(Company No. 284669-W)

(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

I/We _____ NRIC No./Co No.: _____
(FULL NAME IN BLOCK LETTERS) COMPULSORY

of _____ being a
(ADDRESS)

member of AIRASIA BERHAD ("the Company") hereby appoint _____
(FULL NAME IN BLOCK LETTERS)

NRIC No.: _____ of _____
(COMPULSORY) (ADDRESS)

and/or _____ NRIC No.: _____ of _____
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

_____ as my/our proxy(ies) to attend and vote in my / our name and on my / our behalf at the EXTRAORDINARY GENERAL MEETING of the Company to be held at AirAsia Academy, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Thursday, 21 June 2012 at 12.00 noon or immediately after the conclusion or adjournment (as the case may be) of the Nineteenth Annual General Meeting, which has been scheduled to be held at the same venue, on the same day and date at 10.00 a.m., whichever is later.

Resolution	Description	FOR	AGAINST
Ordinary No. 1	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting as he/she thinks fit)

No. of shares held:	
CDS Account No.:	
The proportion of my/our holding to be represented by my/our proxies are as follows:	First Proxy : _____ % Second Proxy: _____ %
Date:	

Signature of Shareholder/Common Seal

Notes to the Proxy Form:

- a. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Articles of Association, only those Foreigners (as defined in the Articles) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued and paid-up capital, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Extraordinary General Meeting, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the forthcoming Extraordinary General Meeting.
- b. A member must be registered in the Record of Depositors at 5.00 p.m. on 14 June 2012 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a Member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- c. A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
- d. The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- e. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- f. Main Market Listing Requirements of Bursa Malaysia Securities Berhad permit that where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- g. The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited 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 not less than forty-eight (48) hours before the time set for holding the meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**



Fold this flap for sealing

Then fold here

AFFIX
STAMP

COMPANY SECRETARY
AIRASIA BERHAD (284669-W)
25-5, BLOCK H
JALAN PJU 1/37, DATARAN PRIMA
47301 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

1st fold here
