

Bursa Announcement

Subject : Grant of industrial discount 90% (“ID90”) by AirAsia Berhad to Epsom College Malaysia Sdn Bhd (“Epsom”) eligible staff and dependents

Contents:

1. Introduction

Pursuant to Paragraph 10.08(1) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), AirAsia Berhad (“**AirAsia**” or “**the Company**”) is pleased to announce that it has granted to Epsom’s eligible staff and dependents the ID90 for an initial period of twelve (12) months.

2. Details of Epsom

Epsom College in Malaysia (British International School in Malaysia) is a boarding and day school at Bandar Enstek, south of Kuala Lumpur. Seen as a major development in the field of education in Malaysia, Epsom College is co-educational and follows the British National Curriculum with all teaching in English. It opened in September 2014 with a small Prep School on site for day pupils aged 3 – 10 years old.

3. Salient terms of the ID90

- a) Epsom’s eligible staff and dependents will be entitled to 90% discount on the highest fares and this ID90 is only available on standby basis for over-the-counter purchase. AirAsia’s terms and conditions of carriage shall apply accordingly.
- b) The term of the ID90 grant shall be for an initial period of twelve (12) months.

4. Rationale

The ID90 is granted to Epsom in return of its support to AirAsia by offering discounts on its academic tuition and boarding fees. Epsom offers a 30% discount on both academic tuition and boarding fees to AirAsia’s non pilot staff and a 50% discount on academic tuition fees and 30% discount on boarding fees to AirAsia’s pilot since 2015.

5. Financial Risks

The financial risks associated with ID90 are expected to be very limited as the Company does not need to make any investment.

6. Directors' and major shareholders' interests

Tan Sri Dr. Anthony Francis Fernandes ("Tan Sri Dr. Tony Fernandes") and Datuk Kamarudin Bin Meranun ("Datuk Kamarudin") ("the Related Parties"), who are directors and major shareholders of AirAsia are also shareholders and directors in Epsom via their shareholdings in Educ8 Group Sdn Bhd ("Educ8 Group"). Epsom is a wholly-owned subsidiary of Educ8 Group.

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

The Related Parties' direct and indirect shareholdings in AirAsia as at 11 May 2016 are as set out below:

Tan Sri Dr. Tony Fernandes' shareholding in the Company is 0.06% (Direct) and 18.56% (Indirect) and Datuk Kamarudin's shareholding in the Company is 0.07% (Direct) and 18.56% (Indirect).

The Related Parties' indirect shareholdings in Epsom as at 11 May 2016 are as set out below:

Tan Sri Dr. Tony Fernandes' shareholding in Educ8 Group is 29.38% and Datuk Kamarudin's shareholding in Educ8 Group is 19.69%.

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

7. Audit Committee's Opinion

The Audit Committee having considered all the relevant factors in respect of the ID90 grant and is of the opinion that granting it is in the best interest of the Company and it is entered under fair, reasonable and on normal commercial terms which are not detrimental to the interest of the minority shareholders, due to the reasons stated in the rationale and considering the limited level of risk exposure mentioned above.

8. Statement by Board of Directors

Save for the Related Parties (who have abstained), the Board having considered all the relevant factors in respect of the transaction is of the opinion that granting of the ID90 is in the best interest of the Company.

9. Financial effect of the transaction

This transaction will not have any material financial impact in the current financial year nor will it have any effect on the share capital and substantial shareholders' shareholdings of AirAsia. 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 31 December 2016.

10. Approval required

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

11. Highest percentage ratio

The highest percentage ratio applicable to this transaction is 0.01% 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 MMLR of Bursa Securities is 4.96%.

12. Total amount transacted for the preceding twelve 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 RM150,388,175.

This announcement is dated 11 May 2016.