

Bursa Announcement

Subject: PASSENGER CHARTER SERVICES AGREEMENT BETWEEN AIRASIA BERHAD AND THAI AIRASIA X CO. LTD

Content:

1. Introduction

AirAsia Berhad (“AirAsia” or “the Company”) is pleased to announce that it has today entered into a Passenger Charter Services Agreement (“Agreement”) with Thai Airasia X Co. Ltd (“TAAX”) (hereinafter referred to as “the Transaction”). The salient terms of the Agreement are set out in Section 3 below.

2. Details of TAAX

TAAX was incorporated on 12 March 2013 as a limited joint venture company in Thailand under the Thai Civil and Commercial Code, to provide low-cost, long-haul air transportation services under the AirAsia X brand in Thailand.

AirAsia X Berhad (“AAX”) is holding a total of 49% equity stake in TAAX and both Tan Sri Dr. Anthony Francis Fernandes (“Tan Sri Dr. Tony Fernandes”) and Datuk Kamarudin Bin Meranun (“Datuk Kamarudin”) are the Directors and Major Shareholders of AAX. Tan Sri Dr. Tony Fernandes’ shareholding in AAX is 2.10% (Direct) and 31.59% (Indirect) and Datuk Kamarudin’s shareholding in AAX is 8.14% (Direct) and 31.59% (Indirect).

3. Salient Terms of the Agreement

3.1 Passenger Charter Services

AirAsia will engage TAAX to operate five (5) round trip charter flights (DMK-KUL-DMK) on 24, 25, 26, 31 December 2015 and 1 January 2016. The cost of the charter is USD 45,000 per round trip inclusive of ground handling services and checked baggage charges, excluding costs of meal services on board.

Flight Schedule appended below:

Flight No	Sector	STD	STA	Fleet	Date of Operations
XJ-890	DMK-KUL	13:50	16:55	A330	24, 25, 26, 31 Dec 2015, 01 Jan 2016
XJ-891	KUL-DMK	18:35	19:40	A330	

3.2 Cancellation of Existing AirAsia Scheduled Services and Passengers Re-Accommodated onto Charter Flights.

The corresponding AirAsia Scheduled Services appended below will be cancelled and passengers will be re-accommodated onto charter flights operated by TAAX specified in item 3.1 above.

Flight No	Sector	STD	STA	Fleet	Date of Operations
AK-882	KUL-DMK	11:45	12:50	A320	24, 25, 26, 31 Dec 2015 01 Jan 2016
AK-883	DMK-KUL	13:20	16:35	A320	
AK-886	KUL-DMK	16:10	17:15	A320	
AK-887	DMK-KUL	17:45	21:00	A320	

4. Financial Risks

The financial risks associated with the Agreement are expected to be limited to the contract value.

5. Basis of Consideration

The amount of USD45,000 per round trip was arrived pursuant to the quotation of the price by TAAX, which was calculated at cost.

6. Rationale for the Transaction

The rationale for the Transaction is to mitigate operational constraint in AirAsia during the year-end peak travel season.

7. Directors' and major shareholders' interests

Both Tan Sri Dr. Tony Fernandes and Datuk Kamarudin ("the Related Parties") are Directors and Major Shareholders of AirAsia.

The Related Parties' direct and indirect shareholdings in AirAsia as at 23 December 2015 are as set out in the table below:

	Direct		Indirect*	
	No. of Shares	%	No. of Shares	%
Tan Sri Dr. Tony Fernandes	1,600,000	0.06	528,542,082	18.99
Datuk Kamarudin	2,000,000	0.07	528,542,082	18.99

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 AirAsia and/or persons connected with them have any interest, whether directly or indirectly, in the Transaction.

8. Audit Committee's Opinion

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

9. Statement by the Board

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 entering into the Transaction is in the best interest of the Company.

10. 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 material effect on the net assets per share, earnings per share and gearing of AirAsia for this financial year ending 31 December 2015.

11. Approval required

AirAsia does not require the approval of its shareholders and any relevant government authorities to enter into the Transaction.

12. Highest percentage ratio

The highest percentage ratio applicable to this Transaction is 0.02% 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 3.97%.

13. Total amount transacted for the preceding twelve (12) months

The total amount transacted between AirAsia and the Related Parties and/or persons connected with them for the preceding twelve (12) months was RM18.6 million.

14. Document available for inspection

The Agreement is available for inspection by the members at the registered office of the Company at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 23 December 2015.