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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional advisers immediately.

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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 SHARE BUY-BACK BY AIRASIA BERHAD ("AIRASIA" OR "COMPANY") TO PURCHASE UP TO TEN PER CENT (10%) OF ITS OWN ISSUED AND PAID-UP SHARE CAPITAL ("PROPOSED SHARE BUY-BACK")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



RHB Investment Bank Berhad

(Company No.: 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Proposed Share Buy-Back will be tabled at the Company's Extraordinary General Meeting ("**EGM**") which will be held at Asian Aviation Centre of Excellence, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Tuesday, 15 December 2015 at 10.00 a.m.. The Notice of EGM 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 B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not later than forty-eight (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 : Sunday, 13 December 2015 at 10.00 a.m.

Date and time of EGM : Tuesday, 15 December 2015 at 10.00 a.m.

This Circular is dated 17 November 2015

DEFINITIONS

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

Act	: Companies Act, 1965 and any statutory modifications or amendments thereto from time to time
AGM	: Annual General Meeting
AirAsia or our Company	: AirAsia Berhad (Company No.: 284669-W), incorporated in Malaysia
AirAsia Group or our Group	: AirAsia and our subsidiaries
AirAsia Share(s) or Share(s)	: Ordinary share(s) of RM0.10 each in our Company
Board	: Board of Directors of the Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Company No.: 165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No.: 635998-W)
Circular	: This Circular dated 17 November 2015
Code	: Malaysian Code on Take-Over and Merger, 2010, including any amendments thereto from time to time
Datuk Kamarudin	: Datuk Kamarudin bin Meranun
EGM	: Extraordinary General Meeting
EPS	: Earnings per Share
FYE	: Financial year(s) ended/ending 31 December, as the case may be
Listing Requirements	: The Main Market Listing Requirements of Bursa Securities, including any amendments thereto from time to time
LPD	: 30 October 2015, being the latest practicable date prior to the printing of this Circular
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
Person(s) Connected	: Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements
Proposed Share Buy-Back	: Proposed purchase by our Company of up to ten per cent (10%) of our own issued and paid-up share capital

DEFINITIONS (Cont'd)

Purchased Share(s)	: Shares purchased by our Company pursuant to the Proposed Share Buy-Back
Record of Depositors	: A record consisting of names of depositors provided by Bursa Depository pursuant to Chapter 24.0 of the rules of Bursa Depository
RHB Investment Bank	: RHB Investment Bank Berhad (Company No.: 19663-P)
Tan Sri Dr. Tony Fernandes	: Tan Sri Dr. Anthony Francis Fernandes
Tune Air	: Tune Air Sdn Bhd (Company No.: 548526-V), incorporated in Malaysia
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 9 December 2015.

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LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED SHARE BUY-BACK CONTAINING:

SECTION	PAGE
1. INTRODUCTION.....	1
2. DETAILS OF THE PROPOSED SHARE BUY-BACK	2
3. RATIONALE OF THE PROPOSED SHARE BUY-BACK.....	4
4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK	5
5. EFFECTS OF THE PROPOSED SHARE BUY-BACK.....	6
6. APPROVALS REQUIRED	10
7. SHARE PRICE PERFORMANCE.....	10
8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM	10
9. DIRECTORS' RECOMMENDATION	11
10. EGM	11
11. FURTHER INFORMATION.....	11
APPENDIX	12
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED

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AIRASIA BERHAD

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

Registered Office:

B-13-15, Level 13
Menara Prima Tower B
Jalan PJU1/39
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

17 November 2015

Board of Directors:

Datuk Kamarudin bin Meranun *(Non-Independent Executive Chairman)*
Tan Sri Dr. Anthony Francis Fernandes *(Non-Independent Executive Director and Group Chief Executive Officer)*
Aireen Omar *(Executive Director and Chief Executive Officer)*
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar *(Non-Independent Non-Executive Director)*
Dato' Fam Lee Ee *(Senior Independent Non-Executive Director)*
Stuart L Dean *(Independent Non-Executive Director)*
Amit Bhatia *(Independent Non-Executive Director)*
Uthaya Kumar A/L K Vivekananda *(Independent Non-Executive Director)*

To: Our shareholders

PROPOSED SHARE BUY-BACK BY OUR COMPANY TO PURCHASE UP TO TEN PER CENT (10%) OF ITS OWN ISSUED AND PAID-UP SHARE CAPITAL

1. INTRODUCTION

On 18 September 2015, our Company announced that your Board proposed to seek your approval to purchase up to ten per cent (10%) of our issued and paid-up share capital.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED SHARE BUY-BACK AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ THIS CIRCULAR TOGETHER WITH THE APPENDIX BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

Your Board proposes to seek your approval for the authority to purchase our Company's own Shares of up to ten per cent (10%) of the issued and paid-up share capital of our Company as at the point of purchase.

The Proposed Share Buy-Back is subject to Section 67A of the Act, the Listing Requirements and any prevailing laws, guidelines, orders, rules and regulations issued by the relevant authority at the time of purchase.

The Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution relating to the Proposed Share Buy-Back at our forthcoming EGM and shall be valid until:

- (a) the conclusion of the next AGM of our Company; or
- (b) the expiration of the period within which the next AGM of our Company is required by law to be held,

whichever is earlier, unless earlier revoked or varied by you via an ordinary resolution in a general meeting, but shall not prejudice the completion of purchase(s) by our Company before the aforesaid expiry date and in any event in accordance with the provision of the Act, the Listing Requirements and other prevailing laws, guidelines, orders, rules and regulations issued by the relevant authorities.

2.1 Quantum

The maximum aggregate number of Shares, which may be purchased by our Company, shall not exceed ten per cent (10%) of the issued and paid-up share capital of our Company at any point in time.

The actual number of Shares to be purchased will depend on, among others, market conditions and sentiments of Bursa Securities as well as the share premium, retained earnings and financial resources available to our Company as at the point of purchase.

If your Board decides to cancel the Purchased Shares, our Company's issued and paid-up share capital shall be diminished by the said cancellation, and the amount diminished shall be transferred to the capital redemption reserve.

2.2 Funding

The funding for the Proposed Share Buy-Back will be from internally generated funds and/or external bank borrowings and the amount allocated for the Purchased Shares will not exceed the aggregate amount of our Company's share premium and retained earnings. All Purchased Shares may be cancelled or retained as treasury shares or a combination of both. Treasury shares may be distributed as share dividends, resold on Bursa Securities and/or subsequently cancelled.

The actual amount of funds to be utilised for the Proposed Share Buy-Back will only be determined later depending on the actual number of Shares to be purchased, the availability of funds as at the point of purchase and other relevant cost factors.

For illustrative purposes only, based on our Company's issued and paid-up share capital as at the LPD comprising of 2,782,974,080 AirAsia Shares, the maximum number of AirAsia Shares that can be purchased pursuant to the Proposed Share Buy-Back is 278,297,408 AirAsia Shares. Assuming the Purchased Shares are acquired at RM1.40 per share, being the last traded price prior to the printing of this Circular, our Company shall incur a total cost of approximately RM389,616,371.20.

The Proposed Share Buy-Back, if funded via internally generated funds, is not expected to have a material impact on our Company's financial position. In the event the Proposed Share Buy-Back is funded through external bank borrowings, your Board will ensure that our Company will have sufficient funds to repay such borrowings and that the repayment thereof would not have any material effect on our Company's cash flow position.

Our Company's share premium and retained earnings, based on our Company's latest audited financial statements for the FYE 31 December 2014 at our Company level, are set out below:

<u>AirAsia (Company level)</u>	<u>Audited as at 31 December 2014</u>
	<u>RM'000</u>
Share premium	1,230,941
Retained earnings	2,542,092
Total	<u>3,773,033</u>

2.3 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, our Company may only purchase our own shares on Bursa Securities at a price which is not more than 15% above the weighted average market price ("**WAMP**") of AirAsia Shares for the five (5) Market Days immediately before the date of any purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, our Company may only resell treasury share on Bursa Securities at:

- (a) a price which is not less than the WAMP of AirAsia Shares for the five (5) Market Days immediately before the resale; or
- (b) a discounted price of not more than five per cent (5%) to the WAMP of AirAsia Shares for the five (5) Market Days immediately before the resale provided that:
 - (i) the resale takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the AirAsia Shares being resold.

2.4 Treatment of Purchased Shares

Pursuant to Section 67A of the Act, our Directors may deal with the Purchased Shares in the following manner:

- (a) cancel the Purchased Shares; or
- (b) retain the Purchased Shares as treasury shares for distribution as share dividends to you and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (c) retain part of the Purchased Shares as treasury shares and cancel the remainder,

or in any other manner as may be prescribed by the prevailing laws, guidelines, orders, rules and regulations issued by the relevant authorities at that time.

It is the present intention of your Board to retain the Purchased Shares as treasury shares and subsequently resell them on Bursa Securities if the opportunity arises for our Company to realise gains from the resale on Bursa Securities. However, your Board may distribute the Purchased Shares as share dividends, which will depend on the availability of, among others, share premium and retained earnings of our Company, or cancel the Purchased Shares if your Board decides to change the capital structure of our Company.

In the event the Purchased Shares are held as treasury shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise, would be suspended and the treasury shares would not be taken into account in calculating the number of percentage of shares, or of a class of shares in our Company for any purposes including the determination of substantial shareholders, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the results of a vote on resolution(s) at meetings.

An immediate announcement will be made to Bursa Securities in respect of the intention of our Directors to either retain the Purchased Shares as treasury shares or cancel them or a combination of both following any transaction(s) executed pursuant to the authority granted under the Proposed Share Buy-Back.

2.5 Public shareholding spread

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the point of purchase including compliance with the 25% shareholding spread in the hands of public shareholders as required under Paragraph 8.02(1) of the Listing Requirements.

As at the LPD, the Record of Depositors of our Company showed 2,249,718,998 Shares, representing 80.84% of our issued and paid-up share capital were held in the hands of public shareholders. We will endeavour to ensure that the Proposed Share Buy-Back will not breach Paragraph 12.14 of the Listing Requirements, which states that a listed company must not purchase its own shares on Bursa Securities if the purchase(s) will result in the listed company being in breach of the public shareholding spread requirements as set out under Paragraph 8.02(1) of the Listing Requirements.

2.6 Implication of the Code

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer under the Code by any of our Company's substantial shareholders and/or persons acting in concert with them, your Board will ensure that such number of Shares are purchased, retained as treasury shares, cancelled or distributed such that the Proposed Share Buy-Back would not result in the triggering of any mandatory offer obligation on the part of our Company's substantial shareholders and/or persons acting in concert with them. In this connection, your Board is mindful of the requirements when making any purchase of our Shares pursuant to the Proposed Share Buy-Back.

2.7 Previous purchases, resale and/or cancellation of treasury shares

There have not been any previous purchases, resale and/or cancellation of treasury shares of our Company in the previous twelve (12) months preceding the date of this Circular. As at the date of this Circular, our Company does not hold any treasury shares.

3. RATIONALE OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back, if implemented, will enable our Group to utilise our surplus financial resources, which are not immediately required for other uses, to purchase our own Shares from the Main Market. The Proposed Share Buy-Back is expected to stabilise the market price of AirAsia Shares and to prevent against speculation of AirAsia Shares, when undervalued, to enhance investors' confidence.

Other things being equal, the Proposed Share Buy-Back, regardless of whether the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of Shares being used for the purposes of computing the EPS. Therefore, the Proposed Share Buy-Back will improve the EPS of our Company, which in turn is expected to have a positive impact on the market price of our Company.

The Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued and paid-up share capital of our Company. Should any treasury shares be distributed as share dividends, this would serve to reward you as shareholders of our Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential advantages of the Proposed Share Buy-Back, if implemented, are as follows:

- (a) Where the Directors resolve to retain the Purchased Shares as treasury shares and/or cancel the Shares so purchased, our Company expects to enhance the EPS of our Group as a result of the reduction in the issued and paid-up share capital of our Company thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in our Company.
- (b) As permitted under Section 67A of the Act, where Purchased Shares are retained as treasury shares, it will provide our Company with opportunities for potential gain if the Purchased Shares which are retained as treasury shares are resold at a higher price and it will also serve to reward our shareholders if the Purchased Shares which are retained as treasury shares are distributed as share dividends.
- (c) Our Company may be able to reduce any unwarranted volatility of our Shares and assist to stabilise the supply, demand and price of our Shares in the open market, thereby supporting the fundamental value of our Shares and enhancing investors' confidence.
- (d) It will allow our Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity.

The potential disadvantages of the Proposed Share Buy-Back, if implemented, are as follows:

- (a) The Proposed Share Buy-Back will reduce the available cash of our Group and may result in our Group foregoing better investment opportunities that may emerge in the future or, at least, deprive our Group of interest income that can be derived from the funds utilised for the Proposed Share Buy-Back.
- (b) The Proposed Share Buy-Back will reduce the available cash of our Group for distribution to you in the immediate future.
- (c) In the event that the Proposed Share Buy-Back is funded by bank borrowings, our Company would have to service the interest costs associated with bank borrowings, thereby reducing the available cash of our Company to the extent of such interest costs.

However, these disadvantages are mitigated by the prospect that the financial capacity of our Group may increase, if the Purchased Shares held as treasury shares are re-sold at higher price than their purchase price.

The Proposed Share Buy-Back is not expected to cause any potential material disadvantage to our Company or to you as any share buy-back exercise will be undertaken only after in-depth consideration of the financial resources of our Company and of the resultant impact to you. Our Directors, in exercising any decision on the Proposed Share Buy-Back, will be mindful of the interest of our Company and our shareholders.

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK

5.1 Share capital

The proforma effects of the Proposed Share Buy-Back on the issued and paid-up share capital of the Company are as follows:

	No. of AirAsia Shares	Share capital (RM)
Issued and paid-up share capital as at the LPD	2,782,974,080	278,297,408.00
Assuming the Purchased Shares are cancelled ⁽¹⁾	(278,297,408)	(27,829,740.80)
Resultant issued and paid-up share capital	2,504,676,672	250,467,667.20

Note:

(1) Assuming up to ten per cent (10%) of the issued and paid-up share capital is purchased under the Proposed Share Buy-Back and subsequently cancelled.

The proforma effects of the Proposed Share Buy-Back on the resultant issued and paid-up share capital of our Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares. The above illustration assumes that the Purchased Shares are cancelled. Nevertheless, if the Purchased Shares are retained as treasury shares, resold or distributed to you, the Proposed Share Buy-Back will have no effect on the existing issued and paid-up share capital of our Company.

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5.2 Directors' and substantial shareholders' shareholdings

The proforma effects of the Proposed Share Buy-Back on the Directors' and substantial shareholders' shareholdings are as follows:

Name	As at the LPD				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<i>Directors</i>								
Aireen Omar	50,000	#	-	-	50,000	#	-	-
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	-	-	-	-	-	-	-	-
Dato' Fam Lee Ee	-	-	-	-	-	-	-	-
Amit Bhatia	-	-	-	-	-	-	-	-
Uthaya Kumar A/L K Vivekananda	-	-	-	-	-	-	-	-
Stuart L Dean	40,000	#	-	-	40,000	#	-	-
<i>Directors who are substantial shareholders</i>								
Tan Sri Dr. Tony Fernandes	1,600,000 ⁽¹⁾	0.06	528,542,082 ⁽²⁾	18.99	1,600,000 ⁽¹⁾	0.06	528,542,082 ⁽²⁾	21.10
Datuk Kamarudin	2,000,000 ⁽¹⁾	0.07	528,542,082 ⁽²⁾	18.99	2,000,000 ⁽¹⁾	0.08	528,542,082 ⁽²⁾	21.10
<i>Substantial shareholders</i>								
Tune Air	528,542,082	18.99	-	-	528,542,082	21.10	-	-
Employees Provident Fund Board	177,214,400	6.37	5,895,500 ⁽³⁾	0.21	177,214,400	7.08	5,895,500 ⁽³⁾	0.24
Wellington Management International, Ltd	201,288,630	7.23	-	-	201,288,630	8.04	-	-
Wellington Management Group LLP	-	-	273,579,390 ⁽⁴⁾	9.83	-	-	273,579,390 ⁽⁴⁾	10.92
Wellington Group Holdings LLP	-	-	273,579,390 ⁽⁴⁾	9.83	-	-	273,579,390 ⁽⁴⁾	10.92
Wellington Investment Advisors Holdings LLP	-	-	273,579,390 ⁽⁴⁾	9.83	-	-	273,579,390 ⁽⁴⁾	10.92
Wellington Management Global Holdings, Ltd	-	-	219,871,780 ⁽⁴⁾	7.90	-	-	219,871,780 ⁽⁴⁾	8.78

Notes:

Negligible

(1) *Shares held under CIMB Group Nominees (Tempatan) Sdn. Bhd.*

(2) *Deemed interested by virtue of Section 6A of the Act through a shareholding of more than 15% in Tune Air.*

(3) *Indirect interest via Employees Provident Fund Board (AM INV).*

(4) *Wellington Management Group LLP is registered as an investment advisor with the United States Securities and Exchange Commission under Section 203 of the Investment Advisors Act of 1940, as amended and acts as discretionary investment manager on behalf of various separate accounts.*

Wellington Management International, Ltd is a direct controlled undertaking of Wellington Management Global Holdings, Ltd., which, in turn, is a direct controlled undertaking of Wellington Investment Advisors Holdings LLP, which, in turn, is a direct controlled undertaking of Wellington Group Holdings LLP, which, in turn, is a direct controlled undertaking of Wellington Management Group LLP.

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5.3 NA and working capital

The effect of the Proposed Share Buy-Back on the NA of our Group will depend on the actual number of and prices paid for the Purchased Shares, the effective funding cost to our Group to finance the purchase of such Shares, or any loss in interest income to our Group, and whether the Purchased Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to you.

If all Purchased Shares are cancelled, the NA of our Group would decrease if the purchase price per Purchased Share exceeds the NA per Share at the relevant point in time, and vice versa.

The NA of our Group would decrease if the Purchased Shares are retained as treasury shares, due to the requirement for treasury shares to be carried at cost and be offset against equity.

If the treasury shares are resold on Bursa Securities, the NA of our Group would increase if our Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of our Group would decrease by the cost of the treasury shares.

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and available cash of our Group, the quantum of which will depend on, among others, the number of Purchased Shares and the purchase price(s) of the Purchased Shares.

For Purchased Shares which are kept as treasury shares, upon their resale, the working capital and available cash of our Group will increase upon the receipt of the proceeds from the resale. The quantum of the increase in the working capital and available cash will depend on the actual selling prices(s) of the treasury shares and the number of treasury shares resold.

5.4 Gearing

The effects of the Proposed Share Buy-Back on the gearing of our Group will depend on the proportion of borrowing utilised to fund any purchase of the Purchased Shares. At this juncture, we have not determined whether to use any form of borrowings for purposes of the Proposed Share Buy-Back.

Nevertheless, all else being equal, assuming that the treasury shares are retained by our Company and no borrowing is being utilised to fund any purchase of the Purchased Shares, the Proposed Share Buy-Back may increase the gearing of our Group as the equity will be reduced by the cost of shares acquired and held as treasury shares.

5.5 EPS

The Proposed Share Buy-Back may increase or reduce the EPS of the Group, depending on the number of and prices paid for the Purchased Shares, the effective funding cost to our Company to finance the purchase of such Shares, or any loss in interest income to our Company or opportunity cost in relation to other investment opportunities.

Nevertheless, all else being equal, assuming that the treasury shares are retained by our Company, the Proposed Share Buy-Back is expected to increase the EPS of our Group as the treasury shares held by our Company will not be taken into account in calculating the total number of AirAsia Shares in issue.

Assuming that the Purchased Shares are retained as treasury shares and subsequently resold, the extent of the effects on the earnings of our Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or the interest cost savings arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back will increase the EPS of our Group provided the income forgone and interest expense incurred on the Purchased Shares are less than the EPS before the share purchase.

6. APPROVALS REQUIRED

The Proposed Share Buy-Back is subject to and conditional upon your approval at our forthcoming EGM.

The Proposed Share Buy-Back is not conditional or inter-conditional upon any other corporate exercise being or proposed to be undertaken by our Company.

7. SHARE PRICE PERFORMANCE

The monthly highest and lowest prices of AirAsia Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	<u>High</u>	<u>Low</u>
	RM	RM
2014		
November	2.64	2.38
December	2.94	2.56
2015		
January	2.85	2.48
February	2.81	2.56
March	2.62	2.18
April	2.40	2.22
May	2.34	2.02
June	2.22	1.43
July	1.60	1.23
August	1.40	0.765
September	1.42	0.875
October	1.61	1.22

The last transacted market price of our Shares on 17 September 2015
(being the last Market Day immediately prior to the announcement of the Proposed Share Buy-Back) 1.23

Last traded market price of our Shares as at 13 November 2015
(being the last Market Day immediately prior to the printing date of this Circular) 1.40

(Source: Bloomberg)

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

None of our Directors, major shareholders and/or Persons Connected to them has any interest, direct or indirect in the Proposed Share Buy-Back.

9. DIRECTORS' RECOMMENDATION

Your Board having considered all aspects of the Proposed Share Buy-Back is of the opinion that the Proposed Share Buy-Back is in our Company's best and long term interests.

Accordingly, your Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at our forthcoming EGM.

10. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at Asian Aviation Centre of Excellence, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Tuesday, 15 December 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed Share Buy-Back.

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 B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than forty-eight (48) hours before the time fixed for our forthcoming EGM or any adjournment thereof. The last date and time for you to lodge the Form of Proxy is on Sunday, 13 December 2015 at 10.00 a.m.. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our forthcoming EGM should you subsequently wish to do so.

11. 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

Aireen Omar
Executive Director and Chief Executive Officer

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information in this Circular. They confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make a statement in this Circular false or misleading.

2. WRITTEN CONSENT

RHB Investment Bank, as Adviser for the Proposed Share Buy-Back, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and/or all references thereto in this Circular in the form and context in which they appear.

3. MATERIAL CONTRACT

There is no material contract, not being contract entered into in the ordinary course of business, which has been entered into by our Group within the past two (2) years immediately preceding the date of this Circular.

4. MATERIAL LITIGATION

As at the date of this Circular, neither we nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business, and we are not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect our financial position or business.

5. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia during office hours on Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) our Memorandum and Articles of Association;
- (ii) our audited consolidated financial statements for the past two (2) FYE 31 December 2013 and 2014; and
- (iii) the letter of consent referred to in Section 2 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 of AirAsia Berhad (the "**Company**") will be held at Asian Aviation Centre of Excellence, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Tuesday, 15 December 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION

PROPOSED PURCHASE BY THE COMPANY OF UP TO TEN PER CENT (10%) OF ITS OWN ISSUED AND PAID-UP SHARE CAPITAL ("PROPOSED SHARE BUY-BACK")

"THAT, subject always to the Companies Act, 1965 ("**Act**") and all applicable rules, regulations and orders made pursuant to the Act, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") and conditional upon the approvals of all relevant regulatory authorities being obtained, where required, the Company be and is hereby authorised to purchase and/or hold such number of ordinary share(s) of RM0.10 each in the Company ("**Shares**") under the Proposed Share Buy-Back ("**Purchased Shares**") upon such terms and conditions as the board of directors of the Company ("**Board**") may deem fit and expedient in the best interest of the Company provided that:

- (i) the aggregate number of Purchased Shares does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point of time; and
- (ii) the maximum amount of funds to be allocated for the Purchased Shares shall be backed by an equivalent amount of share premium account and/or retained earnings of the Company;

THAT the Board be and is hereby authorised to decide at its discretion either to retain the Purchased Shares as treasury shares and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or to be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or retain part of the Purchased Shares in such other manner as may be prescribed by the Act and the relevant rules, regulations, guidelines, requirements and/or other orders of Bursa Securities and any other relevant authorities for the time being in force.

THAT the Board be and is hereby authorised to sign and execute all documents, do all acts deeds and things (including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991) as may be required to give effect to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any acts, deeds and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back.

AND THAT the authority conferred by this ordinary resolution shall commence upon the passing of this ordinary resolution and will continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company at which time the authority shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution of the shareholders of the Company at a general meeting of the Company,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date.”

BY ORDER OF THE BOARD

Jasmindar Kaur A/P Sarban Singh (MAICSA No. 7002687)
Company Secretary

Selangor Darul Ehsan, Malaysia
17 November 2015

Notes:

1. *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 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 Extraordinary General Meeting.*
2. *A member must be registered in the Record of Depositors at 5.00 p.m. on 9 December 2015 (“**General Meeting Record of Depositors**”) in order to attend and vote at the Extraordinary General Meeting. A depositor shall not be regarded as a Member entitled to attend the Extraordinary General 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 Extraordinary General Meeting.*
3. *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).*
4. *The Form of Proxy 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.*
5. *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.*
6. *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.*
7. *The Form of Proxy or other instruments of appointment shall not be treated as valid unless deposited 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 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./Passport 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./Passport No.: _____ of _____
(COMPULSORY) (ADDRESS)

_____ and/or _____
(FULL NAME IN BLOCK LETTERS)

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

as my / our proxy(ies) to vote in my / our name and on my / our behalf at the Extraordinary General Meeting of the Company to be held at Asian Aviation Centre of Excellence, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Tuesday, 15 December 2015 at 10.00 a.m..

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Share Buy-Back		

(Please indicate with an "X" in the spaces provided how you wish your votes 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: _____ %

Signed this _____ day of _____, 2015

Signature of Shareholder/Common Seal



(Before completing the form, please refer to the notes overleaf)

Notes to Form of Proxy:

1. 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 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 Extraordinary General Meeting.
2. A member must be registered in the Record of Depositors at 5.00 p.m. on 9 December 2015 ("**General Meeting Record of Depositors**") in order to attend and vote at the Extraordinary General Meeting. A depositor shall not be regarded as a Member entitled to attend the Extraordinary General 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 Extraordinary General Meeting.
3. 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).
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6. 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.
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Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
AIRASIA BERHAD
B-13-15, Level 13
Menara Prima Tower B
Jalan PJU 1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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