

BURSA ANNOUNCEMENT

AirAsia Berhad ("AirAsia" or "the Company")

- **Update on status of Memorandum of Understanding with China Everbright Group ("Everbright") and Henan Government Working Group ("Henan Government")**

JOINT VENTURE FOR A LOW COST AIRLINE IN CHINA

We refer to the announcements dated 15 May 2017, 25 May 2017 and 29 August 2017 ("Announcements") in relation to the Memorandum of Understanding dated 14 May 2017 between the Company, Everbright and Henan Government ("MOU").

Unless otherwise defined, all expressions used in this announcement shall carry the same meaning as defined in the Announcements.

AirAsia is pleased to announce that it has entered into a non-binding term sheet dated 25 September 2017 ("Term Sheet") between the Company, Everbright, as well as another two parties, Plato Capital Limited ("Plato") and Oxley Capital Limited ("Oxley") (collectively the "Parties"). The Term Sheet contains supplementary information to the MOU and is intended to confirm the Parties' interest in establishing the Joint Venture.

The Term Sheet is valid for a period of no longer than 12 months from 25 September 2017 for the Parties to discuss and negotiate definitive agreements for the proposed Joint Venture. The definitive agreements shall be subject to the approval of the Audit Committee and Board of Directors of the Company. The Term Sheet is non-legally binding, save for provisions in relation to confidentiality, publicity and exclusivity.

BACKGROUND OF PLATO

Plato is an investment holding company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited and together with its group of companies, Plato Group, have investments principally in hospitality, education and precision engineering sectors.

The board of directors of Plato consist of Lim Kian Onn (Gareth Lim Tze Xiang as alternate director), Michael Kan Yuet Yun, Chong Huai Seng and Oh Teik Khim. Lim Kian Onn is a controlling shareholder of Plato.

BACKGROUND OF OXLEY

Oxley, part of the Oxley Group, is an innovative private investment firm and multi-family office specializing in real estate, agriculture/alternative energy, natural resources sectors and investments across the Asia-Pacific region. Headquartered in Singapore, Oxley Group's total assets under management is above US\$1 billion.

DIRECTORS INTERESTS

The directors, major shareholders of the Company or persons connected with them have no interest, direct or indirect, in the Term Sheet, save for Tan Sri Dr. Anthony Francis Fernandes and Datuk Kamarudin bin Meranun, who are directors and major shareholders of AirAsia and each have an indirect shareholding of 6.33% respectively in Plato.

This announcement is dated 25th September 2017.